



Entergy Arkansas
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203
Tel 501 377 4000

RECEIVED

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TN REGULATORY AUTHORITY
DOCKET ROOM

January 24, 2003

Ms. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority Docket No. 02-01216
Entergy Arkansas, Inc. (EAI) Application for Approval of
Synthetic Railcar Lease

Dear Chairman Kyle:

Attached is an original and 13 copies of the finalized and executed copy of the Synthetic Lease Agreement that EAI filed with the Arkansas Public Service Commission (APSC) on January 10, 2003 pursuant to Order No. 1 issued November 21, 2002 in APSC Docket No. 02-224-U.

If you have any questions or need additional information in regard to this compliance filing, please do not hesitate to call me at (501) 377-5489.

Sincerely,

William R. Morgan
Manager, Regulatory Affairs

WM/tj
Attachments

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JAN 27 2003
SARA KYLE, COMMISSIONER
TN PUBLIC SERVICE COMM.



ARK PUBLIC SERV. COMM.
DIANA WILSON
SECRETARY OF COMM.

Entergy Arkansas, Inc.
425 West Capitol Avenue
P.O. Box 551
Little Rock, AR 72203-0551
Tel 501 377 4457
Fax 501 377 4415

JAN 10 12 21 PM '03

FILED

Steven K. Strickland
Vice President
Regulatory Affairs

January 10, 2003

Ms. Diana Wilson, Secretary
Arkansas Public Service Commission
P. O. Box 400
1000 Center Street
Little Rock, AR 72203-0400

Re: Originating Docket: 02-224-U
Report Docket: 86-033-A
Pursuant to Order No. 1
In the Matter of the Application of Entergy Arkansas, Inc.
for Approval of Synthetic Railcar Lease

Dear Ms. Wilson:

In accordance with Order No. 1 issued November 21, 2002, in the Originating Docket No. 02-224-U, attached is an original and 13 copies of the finalized and executed copy of the Synthetic Lease Agreement.

Please file this letter and the attached Synthetic Lease Agreement in the appropriate docket.

Sincerely,

A handwritten signature in black ink, appearing to read "S.K. Strickland".

SKS/tj
Attachments

JAN 10 12 22 PM '03

FILED

MASTER LEASE AND SECURITY AGREEMENT

Dated as of December 23, 2002

between

GENERAL ELECTRIC CAPITAL CORPORATION,
FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS

as Lessor

and

ENTERGY ARKANSAS, INC.

as Lessee

This Lease has been executed in several counterparts. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no lien on this Lease may be created through the transfer or possession of any counterpart other than the original executed counterpart containing the receipt therefor executed by the Lessor on the signature page hereof.

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APPENDIX

Appendix 1	Definitions and Interpretation
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MASTER LEASE AND SECURITY AGREEMENT

THIS MASTER LEASE AND SECURITY AGREEMENT (this "Lease") dated as of December 23, 2002, is entered into between General Electric Capital Corporation, for Itself and as Agent for Certain Participants, a Delaware corporation, as the Lessor, and Entergy Arkansas, Inc., an Arkansas corporation, as the Lessee.

WITNESSETH:

WHEREAS, the Lessor and the Lessee desire to have the Lessor acquire certain assets and lease such assets to the Lessee pursuant to this Lease.

NOW, THEREFORE, in consideration of the foregoing, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions; Interpretation. Capitalized terms used but not otherwise defined in this Lease have the respective meanings specified in Appendix 1; and the rules of interpretation set forth in Appendix 1 shall apply to this Lease.

ARTICLE II

PURCHASE AND LEASE

2.1 Acquisition and Lease of Assets.

(a) Equipment. Subject to the terms and conditions of this Lease, (i) on each Acquisition Date for any Equipment the Lessor shall purchase such Equipment pursuant to the terms hereof and (ii) the Lessor shall lease to the Lessee and the Lessee shall lease from the Lessor, such Equipment for the Lease Term applicable thereto.

(b) Limitations on Leased Assets. Notwithstanding any other provision hereof, the Lessor shall not acquire any Equipment:

- (i) unless such Equipment is a Permitted Asset; or
- (ii) if, after giving effect thereto, the Acquisition Cost for all Equipment acquired by the Lessor would exceed the Total Commitment.

2.2 Acceptance Procedure. The Lessee hereby agrees that the execution and delivery by the Lessee on each Acquisition Date of an appropriately completed Lease Supplement shall, without further act, constitute the unconditional and irrevocable acceptance by the Lessee of all of the Equipment which is the subject of such Lease Supplement for all purposes of this Lease and the other Operative Documents on the terms set forth therein and herein, and that all of such Equipment shall be deemed to be included in the leasehold estate of this Lease and shall be subject to the terms and conditions of this Lease as of the applicable Acquisition Date.

2.3 Lease Term. This Lease shall be in full force and effect on the Closing Date. The Lease Term for any Equipment shall commence on the Acquisition Date for such Equipment and shall end on the Expiration Date for such Equipment.

2.4 End of Term Options. Unless the Lease Term for any Equipment is renewed pursuant to Article XXI, at or before the Expiration Date for such Leased Asset the Lessee must elect either (i) the Purchase Option pursuant to Article XX or (ii) the Remarketing Option pursuant to Article XXII, and if it fails to make such election in accordance with the terms hereof, it shall automatically and irrevocably be deemed to have elected the Purchase Option for such Equipment and to have specified the Expiration Date for such Equipment as the date on which such purchase will be made.

2.5 Title. All Equipment is leased to the Lessee "AS IS" and in its present physical condition without, except as expressly set forth herein, any representation or warranty, express or implied, by the Lessor and subject to the rights of parties in possession, the existing state of title (including, without limitation, Permitted Liens other than Lessor Liens) and all applicable Requirements of Law. The Lessee shall in no event have any recourse against the Lessor for any defect in or exception to title to any Equipment other than to the extent resulting from Lessor Liens.

ARTICLE III

FUNDINGS

3.1 Lessor Commitment. Subject to the terms and conditions of this Lease, the Lessor shall, upon the written request of the Lessee from time to time on or before the Commitment Termination Date, make Fundings on Funding Dates for the purpose of financing the acquisition of Equipment. The Lessor shall not make more than one Funding with respect to any Leased Asset unless otherwise agreed by the Lessor with respect to such Leased Asset. Notwithstanding anything to the contrary contained herein, the Lessor shall not be obligated to make any Funding if, after giving effect thereto, the aggregate principal amount of Fundings with respect to all Leased Assets would exceed the Total Commitment.

3.2 Procedures for Fundings.

(a) With respect to each Funding, the Lessee shall give the Lessor a Funding Request therefor not later than 1:00 p.m., New York City time, three (3) Business Days prior to the date of the proposed Funding, specifying: (i) the proposed funding date (the "Funding Date"), (ii) the amount of Funding requested, which shall be an amount not less than \$2,500,000 and (iii) the Leased Asset to which such Funding is being allocated.

(b) Notwithstanding anything to the contrary contained herein, there may not be more than two (2) Funding Dates.

(c) Fundings shall be made solely to pay Acquisition Costs of Leased Assets.

(d) All remittances made by the Lessor for any Funding shall be made on the applicable Funding Date in immediately available federal funds by wire transfer to the account or accounts designated by the Lessee.

ARTICLE IV

CONDITIONS PRECEDENT TO CLOSING DATE, ACQUISITION DATES AND FUNDINGS

4.1 Closing Date. The closing date (the "Closing Date") shall occur on the earliest date on which the following conditions precedent shall have been satisfied or waived:

(a) Master Lease. This Lease shall have been duly executed and delivered by the parties hereto.

(b) Other Documents. Each of the other Operative Documents shall have been duly executed and delivered by each party thereto and all conditions precedent thereunder shall have been satisfied or waived.

(c) Lessee's Certificate. The Lessor shall have received a Lessee's Certificate, in substantially the form of Exhibit No. 2, stating that (i) each representation and warranty of the Lessee contained in each Operative Document to which it is a party is true and correct in all material respects on and as of the Closing Date; (ii) no Default or Event of Default has occurred and is continuing; and (iii) each Operative Document to which the Lessee is a party is in full force and effect with respect to it.

(d) Resolutions and Incumbency Certificate, etc. of Lessee. The Lessee shall have delivered to the Lessor (i) a certificate of its Secretary or an Assistant Secretary attaching and certifying as to (A) the resolutions of its Board of Directors duly authorizing the execution, delivery and performance by it of each Operative Document to which it is or will be a party, (B) its certificate or articles of incorporation and by-laws, and (C) the incumbency and signature of persons authorized to execute and deliver on its behalf the Operative Documents to which it is a party and (ii) a certificate of good standing with respect to it issued by the Secretary of State of the State of its incorporation.

(e) Opinions of Counsel. Each of Thelen Reid & Priest LLP, New York counsel to the Lessee and Friday, Eldredge & Clark, Arkansas counsel to the Lessee, shall have issued to the Lessor and the other Affected Parties an opinion in form and substance satisfactory to each such party.

(f) Fee Letters. Each Fee Letter shall have been duly executed and delivered by the parties thereto, and the Lessee shall pay the fees payable thereunder on the Closing Date.

4.2 Acquisition Date Conditions. The occurrence of the Acquisition Date with respect to each Leased Asset is subject to the occurrence of the Closing Date and the satisfaction or waiver of the following conditions precedent:

(a) Lease Supplement. The Lease Supplement relating to such Leased Asset shall have been duly executed and delivered by the parties hereto.

(b) Appraisal. The Lessor shall have received an Appraisal of such Leased Asset in form and substance satisfactory to the Lessor and, if such Appraisal shows that the Fair Market Sales Value of such Leased Asset as of the fifth, sixth and seventh anniversaries of this Lease will be less than the Guaranteed Residual Value for such Leased Asset, Lessor shall have determined the amount of Principal Component for such Leased Asset, which shall be an amount sufficient to reduce the Lease Balance for such Leased Asset over the Lease Term applicable thereto (including any Renewal Terms) so that, as of the fifth, sixth, and seventh anniversaries of this Lease, the Guaranteed Residual Value for such Leased Asset will not exceed the Fair Market Sales Value as of such dates.

(c) Filings. The Operative Documents (or memoranda thereof), any supplements thereto and any UCC financing statements shall have been recorded, registered and filed, if necessary, in such manner as to perfect and protect the Lessor's interest in such Leased Asset including, without limitation, the filing of the Memorandum of Lease with the Surface Transportation Board.

(d) Taxes, Etc. All taxes, assessments, fees and other charges in connection with the execution, delivery, recording, filing and registration of the Operative Documents and the acquisition of such Leased Asset shall have been paid or provisions for such payment shall have been made to the satisfaction of the Lessor.

(e) Governmental Actions. All Governmental Actions necessary in connection with the acquisition of such Leased Asset by the Lessor shall have been obtained or made and be in full force and effect.

(f) Requirements of Law. In the opinion of the Lessor and its counsel, the acquisition and ownership of such Leased Asset as contemplated by the Operative Documents will not violate in any material respect any Requirements of Law and will not subject the Lessor to any material adverse regulatory prohibitions or constraints.

(g) Lessee's Certificate. The Lessor shall have received a Lessee's Certificate, in substantially the form of Exhibit No. 2, dated as of such Acquisition Date.

(h) Insurance. The Lessor shall have received satisfactory evidence that the insurance required to be maintained pursuant to the Operative Documents with respect to such Leased Asset is in full force and effect.

(i) Additional Documents. The Lessor shall have received such additional documents as it may reasonably request.

4.3 Conditions Precedent to Each Funding. The obligations of the Lessor to make a Funding on a Funding Date, including the Funding occurring on any Acquisition Date, is subject to satisfaction or waiver in writing of the following conditions precedent:

(a) Funding Request. The Lessor shall have received a fully executed counterpart of the applicable Funding Request, executed by the Lessee.

(b) Accuracy of Representations and Warranties. On the applicable Funding Date the representations and warranties of the Lessee contained herein and in each of the other Operative Documents to which it is a party shall each be true and correct in all material respects as though made on and as of such date, except to the extent such representations or warranties relate solely to an earlier date, in which case such representations and warranties shall have been true and correct on and as of such earlier date.

(c) No Default. There shall not have occurred and be continuing any Default or Event of Default and no Default or Event of Default will have occurred after giving effect to the making of the Funding requested by such Funding Request.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.1 [Intentionally Omitted].

5.2 Representations of the Lessee. The Lessee represents and warrants to the Lessor that:

(a) Corporate Status. The Lessee (i) is a duly organized and validly existing corporation in good standing under the laws of the State of Arkansas, and (ii) has duly qualified and is authorized to do business and is in good standing in each jurisdiction in which the nature of its business makes such qualification necessary. The Lessee's Federal Employer Identification Number, and "location" (as such term is used in Article 9 of the UCC) are as specified in Annex D to the Lease Supplement.

(b) Corporate Power and Authority. The Lessee has the power and authority to execute, deliver and perform the Operative Documents to which it is or will be a party and has taken all necessary action to authorize the execution, delivery and performance of the Operative Documents to which it is a party and has duly executed and delivered each Operative Document required to be executed and delivered by it and, assuming the due authorization, execution and delivery thereof on the part of each other party thereto, each such Operative Document constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, except as the same may be limited by insolvency, bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights or by general equitable principles.

(c) No Violation. Neither the execution, delivery and performance by the Lessee of the Operative Documents to which it is or will be a party (i) will result in a violation by the Lessee of any applicable provision of any law, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality having jurisdiction over the Lessee or any Leased Asset, (ii) will result in any breach which would constitute a default under, or (other than pursuant to the Operative Documents) result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the assets of the Lessee pursuant to the terms of, any indenture, loan agreement, lease or other agreement to which the Lessee is a party or by which it or any of its assets is bound or to which it may be subject (other than Permitted Liens), or (iii) will violate any provision of the certificate or articles of incorporation or by-laws of the Lessee.

(d) Governmental Actions. No Governmental Action by any Governmental Authority having jurisdiction over the Lessee or any Leased Asset is required to authorize or is required in connection with the execution, delivery and performance by the Lessee of any Operative Document to which it is a party, other than (i) those which have already been obtained, and (ii) the filing of the Memorandum of Lease with the Surface Transportation Board.

(e) Financial Condition; No Material Adverse Change. The audited consolidated balance sheets of the Lessee and its Subsidiaries as of December 31, 2001, and the related statements of income and retained earnings and cash flows for the fiscal year then ended, copies of which have been furnished to the Lessor, are complete and correct and fairly present on a consolidated basis the assets, liabilities and financial position of the Lessee and its Subsidiaries as at such dates, and the results of the operations and changes of financial position for the periods then ended. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP. Since December 31, 2001, there has been no Material Adverse Change.

(f) Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened (i) which could result in a Material Adverse Change or (ii) which question the validity or enforceability of the Operative Documents, or (iii) the rights or remedies of the Lessor or any Affected Party thereunder.

(g) Liens. No mortgage, deed of trust, or other Lien which now covers or affects any property or interest therein of the Lessee, will attach to the Equipment or any Item of the Equipment, the proceeds thereof or this Lease, or in any manner affect or adversely the Lessor's or any Affected Party's rights and security interest therein.

(h) Licenses, Etc. The Lessee holds all licenses, certificates and permits from Governmental Authorities necessary to use and operate the Equipment in accordance with the provisions of this Lease.

(i) 35 Act. (i) None of the Lessor, any Affected Party nor any Affiliate thereof shall, by reason of (i) the ownership of the Equipment or any part thereof by the Lessor, (ii) the lease of the Equipment to the Lessee under this Lease or (iii) any other transaction contemplated by this Lease or any other document executed in connection therewith, be deemed by any Governmental Authority having jurisdiction to be, or be subject to regulation as, an "electric utility", a "gas utility" or a "public utility" or a "public utility holding company" or any "affiliate," of a "public utility holding company," under the 35 Act or under any other existing law, rule or regulation (or applicable authoritative interpretation thereof) of the federal government of the United States of America, of the Lessee's state of incorporation, or any subdivision thereof.

(i) None of the Lessor nor any Affected Party shall be subject to any liabilities, duties or obligations under the 35 Act as a result of the transaction contemplated hereby.

(j) Interstate Commerce Act. The Lessee is not a "common carrier," as such term is defined in the Interstate Commerce Act, as amended.

(k) Security Interest. Except for (A) the filing for recording pursuant to 49 CFR 1177 of the Memorandum of Lease, and (B) the filing of UCC financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by such documents under the Uniform Commercial Code of Arkansas, no further action, including any filing or recording of any document (including any other UCC financing statement), is necessary or advisable in order to establish and perfect the Lessor's title to and interest in the Equipment as against the Lessee and any third parties in any applicable jurisdictions in the United States.

(l) Disclosure. The Disclosure Documents and the Equipment Documents, taken as a whole, are true and correct in all material respects and do not omit any information necessary to make the information provided, in light of the circumstances under which such information was provided, not materially misleading.

(m) ERISA. No ERISA Event has occurred or, to the best of the Lessee's knowledge, is reasonably expected to occur with respect to any Plan of the Lessee or any of its ERISA Affiliates which would result in a material liability to the Lessee. Since the date of the most recent Schedule B (Actuarial Information) to the annual report of Plans maintained by the Lessee (Form 5500 Series), if any, there has been no material adverse change in the funding status of the Plans referred to therein and, to the best of the Lessee's knowledge, no "prohibited transaction" has occurred with respect thereto which is reasonably expected to result in a material liability to the Lessee. Neither the Lessee nor any of its ERISA Affiliates

has incurred nor, to the best of the Lessee's knowledge, reasonably expects to incur any material withdrawal liability under ERISA to any Multiemployer Plan.

(n) Investment Company Act. The Lessee is not an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

(o) Taxes. All United States federal income tax returns and all other material tax returns which are required to have been filed have been or will be filed by or on behalf of the Lessee by the respective due dates, including extensions, and all taxes due with respect to the Lessee shown on such returns or pursuant to any assessment received by the Lessee have been or will be paid or are being contested in good faith by the Lessee by appropriate procedures. The charges, accruals and reserves on the books of the Lessee in respect of taxes or other governmental charges are, in the opinion of the Lessee, adequate.

(p) Insurance. The Lessee carries insurance with reputable insurers in respect of its material assets, in such manner, in such amounts and against such risks as is customarily maintained by other Persons of similar size engaged in similar business.

(q) Compliance with Laws. The Lessee is in compliance with all Applicable Laws (including all Environmental Laws) other than those the non-compliance with which could not result in a Material Adverse Change.

(r) [Intentionally Omitted]

(s) Use of Fundings. No part of any Funding will be used directly or indirectly for the purpose of purchasing or carrying, or for payment in full or in part of debt that was incurred for the purposes of purchasing or carrying, any margin security as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

(t) Solvency. The Lessee is Solvent.

ARTICLE VI

PAYMENT OF RENT

6.1 Rent. The Lessee shall pay Base Rent in arrears on each Leased Asset on each Payment Date during the Lease Term for such Leased Asset and on any date on which this Lease shall terminate as to such Leased Assets. In addition, if all or any portion of the Lease Balance of any Leased Asset is paid on any date other than a Payment Date, then the Lessee shall also pay Base Rent on such Leased Asset on such date in an amount equal to the accrued Base Rent on the Lease Balance so paid to the date of such payment.

6.2 Supplemental Rent. The Lessee shall pay to the Lessor any and all Supplemental Rent as the same shall become due and payable. The Lessee shall pay to the Lessor, as Supplemental Rent, on demand, interest at the applicable Overdue Rate on any amount payable by the Lessee hereunder or under any other Operative Document (including Base Rent, Lease Balance or Guaranteed Residual Value) not paid when due for the period for which the same shall be overdue until the same shall be paid.

6.3 [Intentionally Omitted]

6.4 Method of Payment. Each payment of Rent or any other amount due hereunder shall be made by the Lessee to the Lessor in Dollars and in immediately available funds not later than 11:00 a.m., New York City time, on the scheduled date when such payment shall be due, unless such scheduled date shall not be a Business Day, in which case such payment shall be made on the next succeeding Business Day, to: Bankers Trust Company, New York, New York, ABA No. 021-001-033, Account No. 50-202-962, Reference: Entergy or to such other account as Lessor may direct in writing; and shall be effective upon receipt. In the event of any assignment to an Assignee pursuant to Article XIX hereof, all payments which are assigned to such Assignee, whether Rent, Supplemental Rent or otherwise, shall be paid by wire transfer of immediately available funds to an account designated by such Assignee. Payments received after 11:00 a.m., New York City time, on any day shall be deemed received on the next succeeding Business Day.

ARTICLE VII

QUIET ENJOYMENT

7.1 Quiet Enjoyment. So long as no Event of Default occurs and is continuing, neither Lessor nor any Person authorized by Lessor shall interfere with Lessee's right to peaceably and quietly have, hold and enjoy each Leased Asset for the Lease Term applicable thereto, free of any claim or other action by the Lessor or any Person claiming by, through or under the Lessor (other than the Lessee) with respect to any matters arising from and after the Acquisition Date for such Leased Asset. Such right of quiet enjoyment is independent of, and shall not affect the Lessor's rights otherwise to initiate legal action to enforce, the obligations of the Lessee under this Lease.

ARTICLE VIII

NET LEASE, ETC.

8.1 Net Lease. This Lease shall constitute a net lease. Lessee's obligation to pay Rent and any other amount due hereunder in accordance with the terms hereof shall be absolute and unconditional. Any present or future law to the contrary notwithstanding, this Lease shall not terminate, nor shall the Lessee be entitled to any abatement, suspension, deferment, reduction, setoff, counterclaim, or defense with respect to the Rent, nor shall the obligations of the Lessee hereunder be affected (except as expressly herein permitted and by performance of the obligations in connection therewith) by reason of: (i) any defect in the condition, merchantability, design, construction, quality or fitness for use of any Leased Asset or any part thereof, or the failure of any Leased Asset to comply with all Requirements of Law, including any inability to occupy or use any Leased Asset by reason of such non-compliance; (ii) any damage to, removal, abandonment, salvage, loss, contamination of or Release from, scrapping or destruction of or any requisition or taking of any Leased Asset or any part thereof; (iii) any restriction, prevention or curtailment of or interference with any use of any Leased Asset or any part thereof, including eviction; (iv) any defect in title to or rights to any Leased Asset or any Lien on such title or rights or on any Leased Asset (other than Lessor Liens); (v) any change, waiver, extension, indulgence or other action or omission or breach in respect of any obligation or liability of or by the Lessor or any Affected Party; (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to the Lessee or any other Person, or any action taken with respect to this Lease by any trustee or receiver of the Lessee or any other Person, or by any court, in any such proceeding; (vii) any claim that the Lessee has or might have against any Person, including the Lessor, any Affected Party and any vendor, manufacturer, contractor of or for any portion of any Leased Asset; (viii) any failure on the part of the Lessor or any Affected Party to perform or comply with any of

the terms of this Lease (other than performance by Lessor or any Affected Party of its obligations set forth in Section 2.1), any other Operative Document or any other agreement; (ix) any invalidity or unenforceability or illegality or disaffirmance of this Lease against or by the Lessee or any provision hereof or any of the other Operative Documents or any provision of any thereof; or (x) any other cause or circumstances, similar to the foregoing and whether or not the Lessee shall have notice or knowledge of any of the foregoing. The agreement of the Lessee in the preceding sentence shall not affect any claim, action or right that the Lessee may have against the Lessor, any Affected Party or any other Person. It is the intention of the parties that Rents and other amounts due hereunder shall continue to be payable in all events in the manner and at the times set forth herein unless the obligation to do so shall have been terminated pursuant to the express terms hereof. The parties intend that the obligations of the Lessee hereunder shall be covenants and agreements that are separate and independent from any obligations of the Lessor, any Affected Party or any other Person hereunder or under any other Operative Documents and the obligations of the Lessee shall continue unaffected unless such obligations shall have been modified or terminated in accordance with an express provision of this Lease.

ARTICLE IX

SUBLEASES

9.1 Subletting. The Lessee may not, without the consent of the Lessor, sublease any Leased Asset or any portion thereof to any Person, unless: (a) no Event of Default shall have occurred and be continuing on the date on which such sublease commences or would result therefrom; (b) such sublease is in writing and, if such sublease has a term in excess of one (1) year, a copy thereof is delivered to Lessor prior to the effective date thereof; (c) such sublease is expressly made subject and subordinate to this Lease and to the rights of the Lessor hereunder; (d) such sublease shall have a scheduled expiration date that occurs on or before the Expiration Date for such Leased Asset; and (e) the sublessee is Solvent. No sublease or other relinquishment of possession of such Leased Asset shall in any way discharge or diminish any of the Lessee's obligations to the Lessor hereunder and the Lessee shall remain directly and primarily liable under this Lease as to such Leased Asset, or portion thereof, so sublet.

ARTICLE X

LESSEE ACKNOWLEDGMENTS

10.1 Condition of the Leased Assets. THE LESSEE ACKNOWLEDGES AND AGREES THAT IT IS LEASING EACH LEASED ASSET "AS IS" WITHOUT, EXCEPT AS EXPRESSLY OTHERWISE PROVIDED HEREIN, REPRESENTATION, WARRANTY OR COVENANT (EXPRESS OR IMPLIED) BY THE LESSOR AND SUBJECT TO (A) THE EXISTING STATE OF TITLE, (B) THE RIGHTS OF ANY PARTIES IN POSSESSION THEREOF, (C) ANY STATE OF FACTS WHICH AN ACCURATE SURVEY OR PHYSICAL INSPECTION MIGHT SHOW AND (D) VIOLATIONS OF REQUIREMENTS OF LAW WHICH MAY EXIST ON THE DATE HEREOF OR AT ANY TIME THEREAFTER. THE LESSOR HAS NOT MADE, EXCEPT AS EXPRESSLY OTHERWISE PROVIDED HEREIN, AND SHALL NOT BE DEEMED TO HAVE MADE ANY REPRESENTATION, WARRANTY OR COVENANT (EXPRESS OR IMPLIED) AND SHALL NOT BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE TITLE (OTHER THAN FOR LESSOR LIENS), VALUE, HABITABILITY, USE, CONDITION, DESIGN, OPERATION, OR FITNESS FOR USE OF ANY LEASED ASSET (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY LEASED ASSET (OR ANY PART THEREOF) OR ANY MODIFICATION THERETO AND THE LESSOR SHALL NOT BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN (OTHER THAN FOR LESSOR LIENS) OR THE FAILURE OF ANY

LEASED ASSET, OR ANY PART THEREOF, TO COMPLY WITH ANY REQUIREMENTS OF LAW. So long and only so long as an Event of Default shall not have occurred and be continuing, and so long and only so long as the Equipment shall be subject to this Lease and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's, vendor's or dealer's warranty on the Equipment or any part thereof; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization.

10.2 Risk of Loss. During the Lease Term for any Leased Asset, the risk of loss of or decrease in the enjoyment and beneficial use of such Leased Asset as a result of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise is assumed by the Lessee, and the Lessor shall in no event be answerable or accountable therefor.

ARTICLE XI

POSSESSION AND USE, ETC.

11.1 Use of Equipment; Compliance with Laws. The Lessee agrees that the Equipment will be used and operated solely in the conduct of its business or as otherwise permitted by Article IX and Section 19.2(a) hereof and in compliance with any and all Insurance Requirements and with all Requirements of Law, including, without limitation, the Association of American Railroads Interchange Rules, the rules and regulations of the Federal Railroad Administration, the United States Department of Transportation and the Surface Transportation Board, and Environmental Laws, noise and pollution laws (including notifications and reports); provided, however, that the Lessee shall not be obligated to so comply with laws, rules or regulations (i) whose application or validity is being contested in accordance with the terms hereof relating to permitted contests, (ii) compliance with which shall have been excused or exempted by a nonconforming use permit, waiver, extension or forbearance exempting any owner or user of the Equipment from such laws, rules or regulations, (iii) failure to comply with which shall impose no risk of civil or criminal liability on Lessor or any Lender Party or (iv) if in the opinion of counsel to the Lessor, failure of compliance would impose no additional liability on Lessor or any Affected Party or material adverse consequences to Lessor's rights under this Lease or its interest in the Equipment or any Affected Party's interest therein. Subject to the foregoing provisions, Lessee shall, at its sole cost and expense, procure and maintain in effect all licenses, registrations, certificates, permits, approvals and consents required by applicable Requirements of Law in connection with the ownership, delivery, installation, use and operation of each Item of Equipment, including, without limitation, those required by Environmental Laws, noise and pollution laws (including notifications and reports). The Equipment shall in no event be used or located outside of the continental limits of the United States. The Lessee shall use and operate the Equipment or cause it to be used and operated only by personnel authorized by the Lessee, and the Lessee shall use every reasonable precaution to prevent loss or damage to each Item of Equipment from fire and other hazards. The Lessee shall not use or permit any Item of Equipment to be used for the transportation or storage of any substance other than coal, and in particular shall not use or permit any Item of Equipment to be used for the transportation or storage of any substance which is specifically listed or designated as "oil" under Section 1001 of the Oil Pollution Act of 1990 and which is subject to the provisions of that Act or which is categorized as, or required to be labeled as, "poison" or "poisonous," "explosive" or "radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof) under 49 CFR 171 or other applicable Federal rules in effect from time to time regulating the transportation of hazardous or toxic materials, including (without limitation) nuclear fuels, radioactive products, asbestos, PCB's or nuclear wastes, nor will Lessee

permit the Equipment to engage in any unlawful trade or violate any law or carry any unlawful cargo that will expose the Equipment to penalty, forfeiture or capture.

11.2 Charges. The Lessee shall pay, or cause to be paid, all charges and costs required in connection with the use of each Leased Asset as contemplated by this Lease.

11.3 Impositions. Subject to the provisions of Section 24.3 hereof, the Lessee shall pay, or cause to be paid, all Impositions.

ARTICLE XII

MAINTENANCE AND REPAIR; SURRENDER

12.1 Maintenance and Repair of Equipment.

(a) The Lessee agrees, at its sole cost and expense, to keep, repair, maintain and preserve the Equipment in good order and operating condition, and in compliance with such maintenance and repair standards, ordinary wear and tear excepted, as are set forth in the applicable Association of American Railroad and Federal Railroad Administration rules and regulations and as otherwise may be required to enforce warranty claims against each vendor and manufacturer of each Item of Equipment, and (except as otherwise permitted by Section 11.1) in compliance with all Requirements of Law applicable to the maintenance and condition of the Equipment, including, without limitation, Environmental Laws, noise and pollution laws (including notifications and reports), and suitable for interchange under the rules of the Association of American Railroads, to the extent the Equipment was originally designed and approved, and with all lawful rules of the United States Department of Transportation, the Surface Transportation Board and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, maintenance or use of the Equipment; and in the event that such laws or rules require any alteration, replacement or addition of or to any portion of the Equipment, the Lessee will conform therewith at its own expense. The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Equipment or the leasing thereof to the Lessee. The Lessee agrees to maintain all records, logs and other materials required by the Association of American Railroads or the Department of Transportation, or any other governmental authority having jurisdiction over the Items of Equipment or the Lessee, to be maintained in respect of each Item of Equipment. The Lessee hereby waives any right now and hereafter conferred by law to make repairs on the Equipment at the expense of the Lessor.

(b) The Lessor shall under no circumstances be required to make any replacements, alterations or renewals of any nature or description to the Equipment or make any expenditure whatsoever in connection with this Lease (other than for Fundings made in accordance with and pursuant to the terms of this Lease). The Lessor shall not be required to maintain, repair or rebuild all or any part of the Equipment, and the Lessee waives any right to (i) require the Lessor to maintain, repair, or rebuild all or any part of the Equipment, or (ii) make repairs at the expense of the Lessor pursuant to any Requirement of Law, Insurance Requirement, contract, agreement, or covenant, condition or restriction in effect at any time.

12.2 Surrender. The Lessee shall, upon the expiration or earlier termination of this Lease with respect to any Leased Asset, vacate and surrender such Leased Asset to the Lessor in its then-current

condition, subject to the Lessee's obligations under Sections 11.1, 12.1, 13.1, 14.1, 17.1(d) and 22.1, unless the Lessee has purchased such Leased Asset from the Lessor as provided herein.

ARTICLE XIII

MODIFICATIONS, ETC.

13.1 Replacements; Alterations and Modifications. In case any Item of Equipment (or any equipment, part or appliance therein) is required to be altered, added to, replaced or modified in order to comply with any Requirements of Law ("Required Alteration") pursuant to Sections 11.1 or 12.1, Lessee agrees to make such Required Alteration at its own expense and the same shall immediately be and become the property of Lessor and subject to the terms of this Lease. Lessee may make any optional alteration to any Item of Equipment ("Optional Alteration") provided such Optional Alteration does not impair the value, use or remaining useful life of such Item of Equipment. In the event such Optional Alteration is readily removable without causing material damage to the Item of Equipment, and is not a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Acquisition Date therefor or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, any such Optional Alteration shall be and remain the property of Lessee. To the extent such Optional Alteration is not readily removable without causing material damage to the Item of Equipment to which such Optional Alteration has been made, or is a part, item of equipment or appliance which replaces any part, item of equipment or appliance originally incorporated or installed in or attached to such Item of Equipment on the Acquisition Date therefor or any part, item of equipment or appliance in replacement of or substitution for any such original part, item of equipment or appliance, the same shall immediately be and become the property of the Lessor and subject to the terms of this Lease. Lessee agrees that, within thirty (30) days after the close of any calendar quarter in which Lessee has made any Required Alterations, Lessee will give written notice thereof to the Lessor describing, in reasonable detail, the Required Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to its obligation to maintain and keep the Equipment in good order, operating condition and repair under Section 12.1 hereof shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor. Except as required or permitted by the provisions of this Section 13.1, the Lessee shall not modify an Item of Equipment without the prior written authority and approval of the Lessor (such approval not to be unreasonably withheld).

ARTICLE XIV

WARRANT OF TITLE; EQUIPMENT TO REMAIN PERSONAL PROPERTY; IDENTIFICATION AND INSPECTION

14.1 Warrant of Title.

(a) Except as expressly provided in Article XXII, the Lessee will not sell, transfer or otherwise dispose of any Leased Asset.

(b) Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to (i) the Equipment or any Item thereof, Lessor's title thereto or any interest therein, or (ii) this Lease or any of Lessor's interests thereunder (including Rent), except in the case of either clause (i) or (ii), Permitted Liens. Lessee, at its sole cost and expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep this Lease and the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to the Lessor, any such Lien not

excepted above if the same shall arise at any time. Lessee will notify Lessor in writing promptly upon becoming aware of any Imposition or other Lien (other than any Permitted Lien excepted above) that shall attach to the Equipment or any Item of Equipment, and of the full particulars thereof.

(c) Nothing contained in this Lease shall be construed as constituting the consent or request of the Lessor, expressed or implied, to or for the performance by any contractor, mechanic, laborer, materialman, supplier or vendor of any labor or services or for the furnishing of any materials for any construction, modification, addition, repair or demolition of or to any Leased Asset or any part thereof. NOTICE IS HEREBY GIVEN THAT THE LESSOR IS NOT AND SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO THE LESSEE, OR TO ANYONE HOLDING ANY LEASED ASSET OR ANY PART THEREOF THROUGH OR UNDER THE LESSEE, AND THAT NO MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF THE LESSOR IN AND TO ANY LEASED ASSET.

14.2 Equipment to Be and Remain Personal Property. The Lessee shall take all such actions as may be required to assure that all Equipment shall be and at all times remain personal property, notwithstanding the manner in which any Equipment may be attached or affixed to realty. The Lessee shall obtain and record such instruments and take such steps as may be necessary to prevent any Person from acquiring any rights in any Equipment by reason of such Equipment being claimed or deemed to be real property.

14.3 Identification Marks; Inspection. The Lessee will cause each Item to be kept numbered with the identification number as shall be set forth on the Lease Supplement therefor, and the Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Item, in letters not less than one inch in height, such words as from time to time may be required by law in order to protect Lessor's title to and interests in such Item and the rights of Lessor. Lessee will replace promptly any such words which may be removed, defaced, obliterated or destroyed. Lessee will not change the identification number of any Item unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with Lessor and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) Lessee shall have furnished Lessor an opinion of counsel in form and substance satisfactory to the Lessor to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lessor's interests in such Items and that no other filing, recording, deposit or giving of notice with or to any other Governmental Authority is necessary to protect the interests of Lessor in such Item. The Items of Equipment may be lettered with the names or initials or other insignia customarily used by Lessee. Lessee shall not allow the name of any Person to be placed upon any Item of Equipment as a designation that might be interpreted as indicating a claim of ownership thereto or a security interest therein by any Person other than Lessor. Upon the request of Lessor, Lessee shall make the Equipment available to Lessor during normal business hours at a rail site reasonably acceptable to Lessor, in the absence of the occurrence and continuance of a Default or Event of Default, not more than once a year, for inspection (including, without limitation, the use of photographic and video equipment) and shall also make Lessee's maintenance and use records (excluding sensitive competitive information on cost structures) pertaining to the Equipment available to the Lessor or any Person designated by Lessor for inspection; provided, however, upon the occurrence of a Default or an Event of Default and during the Marketing Period, the Lessor or any Person designated by Lessor shall have the right to conduct such an inspection at any time.

ARTICLE XV

PERMITTED CONTESTS

15.1 Permitted Contests.

(a) The Lessee shall not be required to pay any Imposition on any Leased Asset, or to discharge or remove any Lien on any Leased Asset, or to comply or cause any Leased Asset to comply with any Requirements of Law applicable thereto or the occupancy, use or operation thereof, so long as no Event of Default exists under this Lease and, in the opinion of the Lessee's counsel, the Lessee shall have reasonable grounds to contest the existence, amount, applicability or validity thereof by appropriate proceedings, which proceedings in the reasonable judgment of the Lessor, (i) shall not involve any material danger that any Leased Asset or any Rent would be subject to sale, forfeiture or loss, as a result of failure to comply therewith, (ii) shall not adversely affect the interest of the Lessor or any other Affected Party with respect to this Lease or any Leased Asset or any Rent, (iii) shall not affect the payment of any Rent or result in any such amounts being payable to any Person other than the Lessor, (iv) will not place the Lessor, any Affected Party or any other Indemnitee in any danger of civil liability for which the Lessor, any Affected Party or such Indemnitee is not adequately indemnified (the Lessee's obligation under Section 24.1 of this Lease shall be deemed to be adequate indemnification if no Default or Event of Default exists and if such civil liability is reasonably likely to be less than \$100,000 per Leased Asset and \$500,000 in the aggregate) or to any criminal liability, and (v) shall be permitted under and be conducted in accordance with the provisions of any other instrument to which the Lessee or the Leased Asset is subject and shall not constitute a default thereunder (a "Permitted Contest"). The Lessee shall conduct all Permitted Contests in good faith and with due diligence and shall promptly after the final determination (including appeals) of any Permitted Contest, pay and discharge all amounts which shall be determined to be payable therein. At the Lessee's expense, the Lessor shall cooperate in good faith with the Lessee with respect to all Permitted Contests conducted by the Lessee pursuant to this Section 15.1.

(b) Promptly following the commencement of any Permitted Contest, the Lessee shall notify the Lessor in writing thereof if the amount in contest exceeds \$100,000, and shall describe such proceeding in reasonable detail. In the event that a taxing authority or subdivision thereof proposes an additional assessment or levy of any Tax for which the Lessee is obligated to reimburse the Lessor under this Lease, or in the event that the Lessor is notified of the commencement of an audit or similar proceeding which could result in such an additional assessment, then the Lessor shall in a timely manner notify the Lessee in writing of such proposed levy or proceeding.

ARTICLE XVI

INSURANCE

16.1 Public Liability and Property Damage Insurance. During the Lease Term for any Equipment, the Lessee shall procure and carry public liability insurance and property damage insurance with respect to such Equipment (i) in amounts which are not less than the public liability and property damage insurance applicable to similar assets owned, leased or held by the Lessee and its Affiliates and (ii) of the types usually carried by corporations engaged in the same or a similar business, similarly situated with the Lessee and its Affiliates, and owning or operating similar assets in the state in which such Equipment is located and which cover risk of the kind customarily insured against by such corporations. The insurance required by this clause may be subject to such deductibles and the Lessee may self-insure with respect to the required coverage to the extent approved by the Lessor.

16.2 Hazard and Other Insurance. During the Lease Term for any Equipment, the Lessee will maintain in effect physical damage insurance with respect to such Equipment which is of the type usually carried by corporations engaged in the same or similar business, similarly situated with the Lessee and its Affiliates, and owning or operating similar assets and which covers risk of the kind customarily insured against by such corporations, and in substantially the amount applicable to similar assets owned, leased or held by the Lessee and its Affiliates; provided that such insurance shall at all times be in an amount not less than the aggregate Lease Balance of all such Equipment. The insurance required by this clause may be subject to deductibles which are not in excess of \$20,000,000; and the Lessee may self-insure with respect to the required coverage to the extent approved by the Lessor.

16.3 Insurance Coverage.

(a) The insurance required under Sections 16.1 and 16.2 shall name the Lessor and each Affected Party of which Lessee has been advised in writing as additional insured with respect to liability coverage (excluding worker's compensation insurance) and shall name Lessor as sole loss payee with respect to property coverage. All such insurance shall be at the sole cost and expense of the Lessee and shall be maintained with respect to each Leased Asset from the Acquisition Date thereof through the Expiration Date. The policy or policies required by Sections 16.1 and 16.2 shall include a provision for no less than thirty (30) days' advance written notice by the insurer to the Lessor and each Affected Party in the event of cancellation or material change of such insurance.

(b) The Lessee agrees that the insurance policy or policies required by Sections 16.1 and 16.2 shall include an appropriate clause pursuant to which such policy shall provide that it will not be invalidated should the Lessee waive, prior to a loss, any or all rights of recovery against any party for losses covered by such policy, and that the insurance in favor of the Lessor and each Affected Party and their rights under and interests in said policies shall not be invalidated or reduced by any act or omission or negligence of the Lessee or any other Person having any interest in any Leased Asset.

(c) All such insurance shall be written by reputable insurance companies that are financially sound and solvent and otherwise reasonably appropriate considering the amount and type of insurance being provided by such companies. Any insurance company selected by the Lessee shall be rated in Best's Insurance Guide or any successor thereto and shall have a general policyholder rating of "A" and a financial size rating of at least "VIII" or, in each case, an equivalent rating, at the time of issuance of a policy or be otherwise acceptable to the Lessor. All insurance policies required by Section 16.2 shall include a standard form mortgagee endorsement in favor of the Lessor.

(d) The Lessor shall not carry separate insurance concurrent in kind or form or contributing in the event of loss with any insurance required under this Article XVI except that the Lessor and each Affected Party may carry separate liability insurance so long as (i) the Lessee's insurance is designated as primary and in no event excess or contributory to any insurance the Lessor may have in force which would apply to a loss covered under the Lessee's policy and (ii) each such insurance policy will not cause the Lessee's insurance required under this Article XVI to be subject to a coinsurance exception of any kind. Each policy maintained by the Lessee shall specifically provide that the policy shall be considered primary insurance which shall apply to any loss or claim before any contribution by any insurance which the Lessor or any Affected Party may have in force.

(e) The Lessee shall pay as they become due all premiums for the insurance required by Section 16.1 and Section 16.2, and shall renew or replace each policy prior to the expiration date thereof. Upon the request of the Lessor (but not more often than once per year if no Event of Default has occurred and is continuing), the Lessee shall deliver to the Lessor and the Lessor and each Affected Party certificates of insurance evidencing that all insurance required by this Article XVI with respect to such

Leased Asset is being maintained by the Lessee and is in effect. The Lessee shall also deliver to the Lessor and each Affected Party evidence of the renewal of each insurance policy required by this Article XVI at least thirty (30) days prior to the expiration of such policy.

(f) All insurance proceeds in respect of any property damage, loss or occurrence during the Lease Term for any Item of Equipment for which the proceeds related thereto are (i) less than or equal to \$250,000.00, in the absence of the occurrence and continuance of a Default or Event of Default, shall be adjusted by and paid to the Lessee for application toward the reconstruction, repair or refurbishment of the applicable Item of Equipment and (ii) greater than \$250,000.00, shall be adjusted jointly by the Lessee and the Lessor (unless a Default or Event of Default has occurred and is continuing, in which case such proceeds shall be adjusted solely by the Lessor) and held by the Lessor for application in accordance with Article XVII.

ARTICLE XVII

CASUALTY AND CONDEMNATION

17.1 Casualty and Condemnation.

(a) During the Lease Term for any Item of Equipment, subject to the provisions of this Article XVII, if such Item of Equipment is subject to a Casualty or a Condemnation, then:

(i) (A) in the case of a Casualty which is not a Significant Casualty, any insurance proceeds payable with respect to such Casualty shall be paid directly to the Lessee (or if received by the Lessor, shall be paid over to the Lessee) for the reconstruction, refurbishment and repair of such Leased Asset, and (B) in the case of a Casualty which is a Significant Casualty, any insurance proceeds payable with respect to such Casualty shall be paid to the Lessor and applied toward the payment of the Lease Balance for such Item of Equipment; and

(ii) in the case of a Condemnation such award or compensation shall be paid to the Lessor to be applied by the Lessor to the restoration of the affected Item of Equipment if reasonably practicable or otherwise toward the payment of the Lease Balance for such Item of Equipment;

provided, however, that if a Default or Event of Default shall have occurred and be continuing, such award, compensation or insurance proceeds shall be paid directly to the Lessor or, if received by the Lessee, shall be held in trust for the Lessor and shall be promptly paid over by the Lessee to the Lessor. All amounts held by the Lessor on account of any award, compensation or insurance proceeds when a Default or Event of Default exists shall at the option of the Lessor either be (i) paid to the Lessee for the repair of damage caused by such Casualty or Condemnation or (ii) applied toward the payment of the Lease Balance for such Item of Equipment or (iii) used by the Lessor to pay for the repair of damage caused by such Casualty or Condemnation on behalf of the Lessee.

(b) During the Lease Term for any Item of Equipment, the Lessee may appear in any proceeding or action to negotiate, prosecute, adjust or appeal any claim for any award, compensation or insurance payment on account of any Casualty or Condemnation with respect to such Item of Equipment and shall pay all expenses thereof. At the Lessee's reasonable request, and at the Lessee's sole cost and expense, the Lessor shall participate in any such proceeding, action, negotiation, prosecution or adjustment. The Lessor and the Lessee agree that this Lease shall control the rights of the Lessor and the Lessee in and to any such award, compensation or insurance payment.

(c) If the Lessor or the Lessee shall receive notice of a Casualty or of an actual, pending or threatened Condemnation of any Item of Equipment or any interest therein, the Lessor or the Lessee, as the case may be, shall give notice thereof to the other and to the Lessor promptly after the receipt of such notice.

(d) If a Casualty which is not a Significant Casualty shall occur with respect to any Item of Equipment during the Lease Term applicable thereto, then the Lessee shall, at its sole cost and expense, promptly and diligently repair any damage to such Item of Equipment caused by such Casualty as soon as practicable after the date of such Casualty and in conformity with the requirements of Sections 12.1 and 13.1, as modified to give effect to any subsequent Alterations and all applicable Requirements of Law, so as to restore such Item of Equipment to at least the same condition, operation, function and value as existed immediately prior to such Casualty with such Alterations as the Lessee may elect in accordance with Section 13.1.

(e) If a Significant Casualty shall occur with respect to any Item of Equipment during the Lease Term applicable thereto, then the Lessee shall be obligated to purchase the Lessor's interest in such Item of Equipment by paying the Lessor an amount equal to the Lease Balance for such Item of Equipment on the Rent Payment Date following the date of such Significant Casualty (or on the last day of the Term if there is no succeeding Rent Payment Date) plus all Related Costs resulting from such payment. On the date of the payment by the Lessee of the Lease Balance for such affected Item of Equipment in accordance with this Section 17.1(e), this Lease shall terminate with respect to such Item of Equipment and the provisions of Section 23.1 shall be applicable.

(f) Unless and until Lessee fully has satisfied its obligations pursuant to this Section 17.1, in no event shall a Casualty or Condemnation affect the Lessee's obligations to pay Rent pursuant to Article VI or to perform its obligations and pay any amounts due on the Expiration Date or pursuant to Articles XX and XXIII.

(g) Provided that no Default or Event of Default has occurred and is continuing, any Excess Proceeds received by the Lessor in respect of a Casualty or Condemnation affecting any Item of Equipment shall be turned over to the Lessee upon the full payment of the Lease Balance for such Item of Equipment and all other amounts then due and payable hereunder with respect to such Item of Equipment.

ARTICLE XVIII

EVENTS OF DEFAULT; REMEDIES

18.1 Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) Payment. the Lessee shall fail to make payment of (i) any Purchase Option Price, Guaranteed Residual Value, Lease Balance when due, or (ii) Base Rent when due and such Base Rent shall not be paid in full no later than two (2) Business Days after the date on which such payment is due and payable, or (iii) Supplemental Rent or any other amount payable hereunder when due and such Supplemental Rent or other amount shall not be paid in full no later than the earlier of (A) two (2) Business Days after receipt of notice (which may be given by facsimile) of such failure, or (B) four (4) Business Days after the date on which such payment is due and payable; or

(b) Insurance; Certain Covenants. the Lessee shall fail to maintain insurance as required by Article XVI of this Lease or to perform any term, covenant or condition set forth in Section 30.2(b) or (g); or

(c) Other Covenants. the Lessee shall fail to observe or perform any obligation, covenant or condition of the Lessee under this Lease or the other Operative Documents to which it is party other than those described in Section 18.1(a) or (b) hereof, and such failure shall have continued for thirty (30) days after delivery to the Lessee of written notice thereof from the Lessor; provided, however, that the continuation of such failure for a period of thirty (30) days or more after such notice has been so given (but in no event for a period which is of a duration longer than six (6) months or the remaining Lease Term, whichever is shorter, shall not constitute an Event of Default if (i) such failure can be remedied but cannot be remedied within such thirty (30) days, (ii) Lessee is diligently pursuing a remedy of such failure and (iii) such failure does not impair in any material respect Lessee's ability to perform its obligations hereunder or Lessor's interest in the Equipment; or

(d) Representations and Warranties of Lessee. any representation or warranty made by the Lessee in any of the Operative Documents to which it is a party or in any certificate or other document furnished pursuant thereto shall prove to have been inaccurate in any material respect at the time made; or

(e) Cross-Default. the Lessee or any Subsidiary of the Lessee shall default: (i) under any other agreement between Lessor or any of its Affiliates and the Lessee or any Subsidiary of the Lessee and as a result of such default the obligation under such other agreement is accelerated; or (ii) in the payment when due of any principal of or interest on any Indebtedness having an outstanding principal amount in excess of \$25,000,000; or any event or condition shall occur which results in the acceleration of the maturity of any such Indebtedness of the Lessee or any such Subsidiary or enables (or, with the giving of notice or lapse of time or both, would enable) the holder of any such Indebtedness or any Person acting on such holder's behalf to accelerate the maturity thereof; or

(f) Insolvency; Voluntary Proceedings. the Lessee becomes insolvent or ceases to do business as a going concern, or the Lessee shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(g) Involuntary Proceedings. an involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against the Lessee in any such involuntary case or other proceeding; or

(h) Judgments. any judgment, order, decree or arbitration award requiring the Lessee to pay an amount of \$25,000,000 or more (exclusive of amounts covered by insurance issued by an insurer not an Affiliate of the Lessee) shall be rendered against the Lessee and the same shall not be satisfied, vacated or stayed for a period of thirty (30) consecutive days; or

(i) Repudiation; Invalidity. the Lessee shall directly or indirectly contest the validity of any Operative Document or any lien granted by any Operative Document, or shall repudiate, or purport to discontinue or terminate, any Operative Document to which it is a party or any such Operative Document shall cease to be a legal, valid and binding obligation of the Lessee or shall cease to be in full force and

effect against the Lessee for any reason other than as a result of the expiration of such Operative Document in accordance with its terms (and in the event such Operative Document shall so cease to be a legal, valid and binding obligation of the Lessee or cease to be in full force and effect against the Lessee, the Lessee shall not have taken all such actions necessary or desirable (in the reasonable opinion of the Lessor and its counsel) to put the Lessor and each Affected Party in the same position they would have enjoyed had such Operative Document not ceased to be a legal, valid and binding obligation of the Lessee or ceased to be in full force and effect); or

(j) ERISA. any ERISA Event shall have occurred with respect to a Plan which could reasonably be expected to have a material adverse effect on the financial condition of Lessee, and, thirty (30) days after notice thereof shall have been given to Lessor by Lessee, such ERISA Event shall still exist; or

(k) Change of Control. without Lessor's prior written consent (which consent shall not unreasonably be withheld) Lessee's senior unsecured rating or outlook by either S&P or Moody's is downgraded below BBB- by S&P or Baa3 by Moody's, suspended or withdrawn within one hundred eighty (180) days after the occurrence of a Change of Control from such rating or outlook as was in effect immediately prior to the Change of Control; or

(l) Letter of Credit. if Lessee has elected to provide a Letter of Credit pursuant to Section 30.2(k) hereof and (i) the issuer of such Letter of Credit becomes insolvent or takes action for the purpose of invoking the protection of any bankruptcy or insolvency law, or any such law is invoked against or with respect to such issuer or its property, or such Letter of Credit ceases to be binding on the issuer thereof or such Letter of Credit shall be rendered unenforceable in any respect, or the issuer of such Letter of Credit shall expressly renounce or repudiate in writing its obligations thereunder (unless such cessation or unenforceability or renunciation or repudiation shall be cured or retracted, or such Letter of Credit shall be replaced, in each case, within five (5) Business Days after the occurrence of such event, or (ii) Lessee shall fail to maintain or replace such Letter of Credit in accordance with Section 30.2(k)(4) hereof.

18.2 Remedies.

(a) Upon the occurrence of any Event of Default and at any time thereafter, the Lessor may, so long as such Event of Default is continuing, with respect to each Leased Asset, do one or more of the following as the Lessor in its sole discretion shall determine, without limiting any other right or remedy the Lessor may have on account of such Event of Default (including the obligation of the Lessee to purchase the Leased Assets as set forth in Section 20.2):

(i) The Lessor may, by notice to the Lessee, terminate this Lease as of the date specified in such notice; provided, however, that no reletting, reentry or taking of possession of any Leased Asset or all of the Leased Assets (or any portion thereof) by the Lessor will be construed as an election on the Lessor's part to terminate this Lease unless a written notice of such intention is given to the Lessee;

(ii) The Lessor may demand that the Lessee forthwith pay to Lessor (A) as liquidated damages for loss of a bargain and not as a penalty, the Lease Balance of all of the Equipment (calculated as of the Payment Date next preceding the Event of Default), and (B) all Rents and other sums then due hereunder, plus all Related Costs. If Lessee fails to pay the amounts specified in the preceding sentence, then, at the request of Lessor, Lessee shall (Y) surrender any Leased Asset promptly to the Lessor in the manner and condition required by Section 12.1 hereof as if the Leased Asset were being surrendered at the end of the Lease Term,

and the Lessor shall not be liable for the reimbursement of the Lessee for any costs and expenses incurred by the Lessee in connection therewith and (Z) without prejudice to any other remedy which the Lessor may have for possession of any Leased Asset, and to the extent and in the manner permitted by Applicable Law, enter upon such Leased Asset and take immediate possession of (to the exclusion of the Lessee) such Leased Asset or any part thereof and expel or remove the Lessee and any other Person who may be occupying or have possession of such Leased Asset, by summary proceedings or otherwise, all without liability to the Lessee for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(iii) The Lessor may (A) sell all or any part of one or more Leased Assets at public or private sale, free and clear of any rights of the Lessee, and without any duty to account to the Lessee with respect to such action or any proceeds (except as provided in Section 18.2(d)), in which event the Lessee's obligation to pay Base Rent hereunder for periods commencing after the date of such sale shall be terminated or proportionately reduced, as the case may be, and (B) if the Lessor shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (the parties agreeing that the Lessor's actual damages would be difficult to predict, but the aforementioned liquidated damages represent a reasonable approximation of such amount), an amount equal to: (1) the excess, if any, of (x) the Lease Balance calculated as of the date of such sale (plus all Rent due and unpaid to and including such date and all Related Costs) plus the Premium Amount, over (y) the net proceeds of such sale (that is, after deducting all costs and expenses incurred by the Lessor incident to such conveyance, including repossession costs, brokerage commissions, prorations, transfer taxes, reasonable fees and expenses for counsel, recording fees, and any repair costs); plus (2) interest at the Overdue Rate on the foregoing amount from such date until the date of payment;

(iv) The Lessor may, at its option, elect not to terminate this Lease and continue to collect all Base Rent, Supplemental Rent, all Related Costs, and all other amounts due the Lessor (together with all costs of collection) and enforce the Lessee's obligations under this Lease as and when the same become due, or are to be performed, and at the option of the Lessor, upon any abandonment of any Leased Asset by the Lessee or re-entry or re-taking of same by the Lessor, the Lessor may, in its sole and absolute discretion, elect to re-let any Leased Asset or any part thereof for such term or terms (which may be for a term extending beyond the Lease Term of this Lease) and at such rental or rentals and upon such other terms and conditions as the Lessor in its reasonable discretion may deem advisable; and upon each such reletting all rentals actually received by the Lessor from such reletting shall be applied to the Lessee's obligations hereunder and the other Operative Documents in such order, proportion and priority as the Lessor may elect in the Lessor's sole and absolute discretion and, in addition to the Lessor's other damages, the Lessee shall be responsible for all costs and expenses incurred by the Lessor in connection with any reletting, including, without limitation, reasonable brokers' fees and all reasonable costs of any alterations or repairs made by the Lessor. If such rentals received from such reletting during any period are less than the Rent with respect to such Leased Asset to be paid during that period by the Lessee hereunder, the Lessee shall pay any deficiency, as calculated by the Lessor, to the Lessor on the next Payment Date;

(v) Unless all of the Leased Assets have been sold in their entirety, the Lessor may, whether or not the Lessor shall have exercised or shall thereafter at any time exercise any of its rights under paragraph (ii), (iii) or (iv) of this Section 18.2 with respect to the Leased Assets or portions thereof, demand, by written notice to the Lessee specifying a date not earlier than ten (10) days after the date of such notice, that the Lessee purchase, on such date, all unsold

Leased Assets (or the remaining portion thereof) in accordance with the provisions of Article XX provided, however, that no such written notice shall be required upon the occurrence of any Bankruptcy Event;

(vi) The Lessor may exercise any other right or remedy that may be available to it under Applicable Law, or proceed by appropriate court action (legal or equitable) to enforce the terms hereof or to recover damages for the breach hereof. Separate suits may be brought to collect any such damages for any period(s), and such suits shall not in any manner prejudice the Lessor's right to collect any such damages for any subsequent period(s), or the Lessor may defer any such right to suit until after the expiration of the Lease Term, in which event such right to suit shall be deemed not to have accrued until the expiration of the Lease Term, notwithstanding any reletting, reentry or taking of possession, the Lessor may at any time thereafter elect to terminate this Lease for a continuing Event of Default; and

(vii) If Lessee has then provided a Letter of Credit, Lessor shall have the right, with or without notice to or demand upon Lessee, to draw upon the Letter of Credit, by presenting to the issuer one or more sight drafts and any other necessary documents, and to receive (in a lump sum or in several sums from time to time at the sole discretion of Lessor) and retain an amount not to exceed, in the aggregate, that available under the Letter of Credit. If Lessor draws on the Letter of Credit, the proceeds received by Lessor therefrom shall be applied: first, towards Related Costs and other costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) incurred by Lessor or any other Affected Party in connection with such draw or in otherwise enforcing its rights and remedies hereunder; second, towards any Rent or other sums of any kind then due and unpaid by Lessee under this Lease (in accordance with the priorities contemplated by this Lease); and third, at Lessor's option, (1) in prepayment of the remaining rentals due Lessor by Lessee under this Lease in the inverse order of maturity, or (2) towards the Lease Balance of the Leased Assets as of the date of the last rental payment paid by Lessee under this Lease. Once all obligations of Lessee under this Lease have been paid and performed in full, any remaining excess proceeds from the Letter of Credit shall be remitted by Lessor to Lessee. In any event, Lessee shall remain liable for any deficiency under this Lease.

(b) [Intentionally Omitted]

(c) Neither the entering into of this Lease nor its enforcement shall prejudice or in any manner affect the Lessor's right to realize upon or enforce any other security now or hereafter held by the Lessor, it being agreed that the Lessor shall be entitled to enforce this Lease and any other security now or hereafter held by the Lessor in such order and manner as the Lessor may determine in its absolute discretion. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Operative Documents to the Lessor or to which it may otherwise be entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Lessor.

(d) If, pursuant to the exercise by the Lessor of its remedies pursuant to this Section 18.2, the Lease Balance for all Leased Assets, plus all Related Costs and all other amounts due and owing from the Lessee under this Lease and the other Operative Documents shall have been paid in full, the Lessor shall remit to the Lessee any excess amounts received by the Lessor in respect of the Leased Assets.

(e) The foregoing remedies are cumulative, and any or all thereof may be exercised in lieu of or in addition to each other or any remedies at law, in equity, or under statute. To the extent permitted by Applicable Law, Lessee waives notice of sale or other disposition (and the time and place thereof), and the manner and place of any advertising. If permitted by Applicable Law, Lessee shall pay reasonable attorney's fees actually incurred by Lessor and any other Affected Party, in enforcing the provisions of this Lease and the Related Documents. Waiver of any default shall not be a waiver of any other or subsequent default.

18.3 Waiver of Certain Rights. If this Lease shall be terminated pursuant to Section 18.2, the Lessee waives, to the fullest extent permitted by law, (a) any notice of re-entry or the institution of legal proceedings to obtain re-entry or possession; (b) any right of redemption, re-entry or repossession; (c) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt or limiting the Lessor with respect to the election of remedies; and (d) any other rights which might otherwise limit or modify any of the Lessor's rights or remedies under this Article XVIII.

ARTICLE XIX

ASSIGNMENT

19.1 Assignment by Lessor.

(a) Lessor may, without the consent of Lessee, assign or otherwise transfer all or any part of its right, title and interest in and to this Lease, the Rents, the Equipment or any Lease Supplement, or the right to enter into any Lease Supplement; provided, that so long as no Event of Default has occurred and is continuing, Lessor will (1) not assign this Agreement, the Rents, the Equipment or any Lease Supplement, or the right to enter into any Lease Supplement to any person that is a Competitor of Lessee; and (2) cause the assignee or transferee (other than a CP Conduit, each of its Program Support Providers, and each Affiliate of the foregoing Persons) to represent, in writing, that: (A) such assignee is not funding its acquisition of such assignment, and will not be performing its obligations under the Operative Documents, with the assets of an "employee benefit plan" (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA, or a "plan" as defined in Section 4975(e)(1) of the Code), and (B) such assignee is acquiring its interest in the Lease, the Equipment and the Rents for its own account for investment and not with a view to the distribution or resale thereof, other than in compliance with, and in a manner which does not require registration or qualification under, Applicable Law. Lessee agrees that it will pay all Rent and other amounts payable under each Lease Supplement to the Lessor named therein; provided, however, if Lessee receives written notice of an assignment from Lessor, Lessee will pay all Rent and other amounts payable under any assigned Lease Supplement to such assignee or as instructed by Lessor or by such assignee. Lessee further agrees to confirm in writing receipt of a notice of assignment as may reasonably be requested by assignee. Lessee hereby waives and agrees not to assert against any such assignee any defense, set-off, recoupment claim or counterclaim which Lessee has or may at any time have against Lessor or any other Person for any reason whatsoever. Lessor may also pledge, mortgage or grant a security interest in this Lease, any Lease Supplement, the Equipment and/or the Rents, and assign this Lease, any Lease Supplement, the Equipment and/or the Rents, as collateral. Each such pledgee, mortgagee, lienholder or assignee shall have any and all rights as may be assigned by Lessor to such party but none of the obligations except as expressly assigned) of Lessor hereunder (other than the covenant of quiet enjoyment pursuant to Section 7.1 hereof. Upon the written request of Lessor or any other Affected Party, Lessee agrees to acknowledge its obligations to any purchaser, transferee, pledgee, mortgagee, lienholder or assignee of Lessor or any other Affected Party; and reasonably shall cooperate with Lessor and any other Affected Party to minimize or avoid the imposition of any adverse tax consequence in connection with any such conveyance, transfer, pledge, mortgage, grant of security interest or assignment.

(b) Lessee acknowledges that it has been advised that General Electric Capital Corporation is acting hereunder for itself and as agent for certain third parties (each being herein referred to as a "Participant" and, collectively, as the "Participants"); that the interest of the Lessor in this Lease, the Lease Supplements, related instruments and documents and/or the Equipment may be conveyed to, in whole or in part, and may be used as security for financing obtained from, one or more third parties without the consent of Lessee (the "Syndication"). Lessee agrees reasonably to cooperate with Lessor in connection with the Syndication, including the execution and delivery of such other documents, instruments, notices, opinions, certificates and acknowledgments as reasonably may be required by Lessor or such Participant; provided, however, in no event shall Lessee be required to consent to any change that would adversely affect any of the economic terms of the transactions contemplated herein.

(c) With respect to any consent to be provided by or rights of inspection available to Lessor hereunder, any determination to be made by Lessor hereunder, any notice to be provided to Lessor hereunder, or request to be made by Lessor hereunder or any other action to be taken by Lessor hereunder, following any assignment by Lessor of all or any portion of its rights hereunder and notice thereof to Lessee, such consent shall be provided by the Person specified in such notice to Lessee, such right of inspection may be exercised by Lessor and/or the Person specified in such notice to Lessee, such determination shall be made by the Person specified in such notice to Lessee, such notice shall be provided to Lessor and the Person specified in such notice to Lessee, and such request shall be made by Lessor and/or the Person specified in such notice to Lessee. Following any assignment by Lessor of all or any portion of its rights hereunder and written notice thereof to Lessee, all amounts payable to Lessor hereunder shall be paid as and to the Person specified in such notice, and any action permitted to be taken by Lessor pursuant to Section 18.2 may be taken by Lessor only at the direction of the Person specified in such notice. In the event that any CP Conduit is an assignee or the holder of a security interest in any of Lessor's rights, but not the obligations (other than the covenant of quiet enjoyment pursuant to Section 7.1 hereof), in and with respect to the Operative Documents and the Program Support Documents, then to the extent set forth in any notice thereof provided to Lessee, the parties hereto hereby acknowledge and agree that any agent for such CP Conduit or its creditors may act on behalf of such CP Conduit (or its creditors, as applicable) hereunder for purposes of all consents, amendments, waivers and other actions permitted or required to be taken, delivered or performed by such other Affected Party, all in accordance with its Program Support Documents.

(d) [Intentionally Omitted]

(e) If at any time prior to the termination of this Lease there is more than one Participant, then during such time, if any action is required to be taken by Lessor or the Participants, such action shall be taken by Lessor acting at the direction of the Participants and whenever any direction, authorization, approval, consent, instruction or other action is permitted to be given or taken by Lessor shall be given or taken upon the required direction of the Participants.

(f) The obligations of the Participants hereunder and under the Related Documents are several and not joint, and no Participant shall be liable or responsible for the acts or defaults of any other Participant. No Participant shall have any contractual obligation or duty to any other Participant with respect to the transactions contemplated hereby except as expressly set forth herein or in any Program Support Document. The foregoing shall not limit the right of Lessee or any Participant to name Lessor as a party in any action to enforce its rights under this Lease.

19.2 Assignment by Lessee.

(a) The Lessee may not assign this Lease or any of its rights or obligations hereunder or under the other Operative Documents; provided, however, that the Lessee may:

(i) assign the Purchase Option or the Remarketing Option so long as the Lessee remains fully liable for all of the obligations of the "Lessee" under Articles XX and XXIII or XXII and XXIII, respectively and provided further that the exercise of the Purchase Option and the Remarketing Option remains subject to the satisfaction of the conditions applicable thereto; and

(ii) with Lessor's prior written consent (which consent shall not unreasonably be withheld), assign all of its rights and obligations under the Lease and the other Operative Documents to any Person which is Solvent; provided that (A) no Default or Event of Default shall have occurred and be continuing on the date of such assignment or would result therefrom, (B) the assignee shall have assumed all of the obligations of the Lessee under this Lease and the other Operative Documents pursuant to an instrument in form and substance satisfactory to the Lessor, (C) the Lessee and such assignee shall have taken all action necessary to ensure that the Lessor at all times has a perfected interest in the Leased Assets subject to no Liens other than Permitted Liens and Lessor Liens, (D) the Lessor shall have received an opinion in form and substance and from counsel satisfactory to the Lessor as to the matters set forth in clauses (B) and (C) hereof and such other matters as the Lessor may reasonably request, and (E) the Lessee and/or such assignee shall enter into such other instruments and agreements and take such other actions as the Lessor may reasonably request in connection with such assignment.

(b) Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing hereunder, Lessee and its Affiliates shall be entitled to the possession and use of the Items of Equipment upon lines of railroad owned or operated by it or upon lines of railroad over which Lessee or its Affiliates has or have trackage or other operating rights or over which railroad equipment of Lessee or its Affiliates is operated pursuant to contract and shall be entitled to permit the use of the Items of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, provided, that LESSEE'S OBLIGATIONS UNDER THIS LEASE SHALL CONTINUE IN THEIR ENTIRETY IN FULL FORCE AND EFFECT AS THE OBLIGATIONS OF A PRINCIPAL AND NOT OF A SURETY. Lessee may receive and retain compensation for the use of any of the Items of Equipment from railroads or other entities so using such Items of Equipment.

ARTICLE XX

PURCHASE PROVISIONS

20.1 Purchase Option. Provided that no Event of Default has occurred and is continuing and the Lessee has not given notice of its intention to exercise the Remarketing Option, the Lessee shall have the option (exercisable by giving the Lessor irrevocable written notice (the "Purchase Notice") of the Lessee's election to exercise such option) to purchase all (but not less than all) of the Leased Assets leased under all Lease Supplements then having been executed hereunder on any Scheduled Payment Date occurring after the fifth anniversary of the date of this Lease and specified in the Purchase Notice at a price equal to the sum of the Lease Balance for such Leased Assets plus the Premium Amount, plus all sales or transfer taxes and charges upon sale (if any), plus all Related Costs and all other reasonable and documented expenses incurred by Lessor or any other Affected Party in connection with such purchase (including, without limitation, any such expenses incurred based on a notice from Lessee to Lessor that Lessee intended to exercise the Remarketing Option) (the "Purchase Option Price"). The Lessee shall

deliver the Purchase Notice to the Lessor not less than ninety (90) days prior to such purchase. If the Lessee exercises its option to purchase the Leased Assets pursuant to this Section 20.1 (the "Purchase Option"), the Lessor shall transfer to the Lessee or its designee all of the Lessor's right, title and interest in and to the Leased Assets as of the date specified in the Purchase Notice upon receipt of the Purchase Option Price in accordance with Section 23.1. The Lessee may designate, in a notice given to the Lessor not less than ten (10) Business Days prior to the closing of such purchase (time being of the essence), the transferee or transferees to whom the conveyance shall be made (if other than to the Lessee), in which case such conveyance shall (subject to the terms and conditions set forth herein) be made to such designee; provided, however, that such designation of a transferee or transferees shall not cause the Lessee to be released, fully or partially, from any of its obligations under this Lease, including the obligation to pay the Lessor the Purchase Option Price on the date specified for such purchase.

20.2 Acceleration of Purchase Obligation.

(a) The Lessee shall be obligated to purchase for an amount equal to the Purchase Option Price the Lessor's interest in all of the Leased Assets at any time during the Lease Term (notwithstanding any prior election to exercise its Purchase Option pursuant to Section 20.1) (i) automatically and without notice upon the occurrence of any Bankruptcy Event with respect to the Lessee, and (ii) as provided for in Section 18.2(a)(v) immediately upon written demand of the Lessor upon the occurrence of any other Event of Default.

(b) The Lessee shall be obligated to purchase the Lessor's interest in any Leased Asset for an amount equal to the Purchase Option Price immediately upon written demand of the Lessor at any time during the Lease Term when the Lessor ceases to have title to such Leased Asset as contemplated by Section 17.1(e).

20.3 Purchase Procedures. Any purchase under Section 20.1 or 20.2 shall be made in accordance with Section 23.1.

ARTICLE XXI

RENEWAL TERMS

21.1 Renewal.

(a) Subject to the conditions set forth herein, the Lessee shall have the option (the "Renewal Option") to extend the Expiration Date with respect to all (but not less than all) of the Leased Assets leased under all Lease Supplements then having been executed hereunder for up to two (2) additional one-year periods (each, a "Renewal Term"), with each such Renewal Term to commence on the first day following the then current Expiration Date. The Renewal Option with respect to each Renewal Term shall automatically be effective upon satisfaction of each of the following conditions:

(i) the Lessee shall have given the Lessor written notice thereof not later than six (6) months prior to each of the fifth and, if applicable, sixth anniversaries of the date of this Lease,

(ii) no Event of Default shall have occurred and be continuing, and

(iii) solely with respect to the second Renewal Term, the Base Interest Rate (or Adjusted Base Interest Rate, as applicable) shall have been reset at then existing market rates for lessees with the same or similar credit ratings as the Lessee, as determined by the Lessor; provided that

the Base Interest Rate (or Adjusted Base Interest Rate, as applicable) shall not be less than, or more than 400 basis points greater than, the Base Interest Rate (or Adjusted Base Interest Rate, as applicable).

(b) Each extension of this Lease for a Renewal Term shall cause the remaining Lease Term of each Leased Asset to be extended by one additional year; thus, if this Lease is extended on each of the anniversaries referred to above, the term of this Lease shall be for seven (7) years.

ARTICLE XXII

REMARKETING OPTION

22.1 Option to Remarket.

(a) Subject to the fulfillment of each of the conditions set forth in this Section 22.1(a), the Lessee shall have the option (the "Remarketing Option") to market and complete the sale of Lessor's interest in all (but not less than all) of the Leased Assets leased under all Lease Supplements then having been executed hereunder on the Expiration Date for such Leased Asset. The Lessee's effective exercise and consummation of the Remarketing Option shall be subject to the due and timely fulfillment of each of the following provisions as of the dates set forth below:

(i) Not later than six (6) months prior to such Expiration Date, the Lessee shall give to the Lessor written notice of the Lessee's exercise of the Remarketing Option, which exercise shall be irrevocable. On the date of the Lessee's notice to the Lessor of the Lessee's exercise of the Remarketing Option, no Event of Default shall exist.

(ii) On such Expiration Date, no Event of Default or Default shall exist and none of the Leased Assets shall be subject to a Permitted Contest.

(iii) On such Expiration Date, Lessee shall, at its expense, surrender and deliver possession of each Item of Equipment to Lessor or Lessor's agent at such location along the rail route then used by Lessee in the ordinary usage of the Equipment as shall be designated by Lessor in writing, or in the absence of such designation, at the then location of each such Item. At the time of such return to Lessor, each Item of Equipment (and each part or component thereof) shall:

(A) be in as good condition, state of repair and appearance as when delivered to Lessee hereunder, ordinary wear and tear excepted and not in immediate need of any further repair or reconditioning,

(B) comply with all laws and rules referred to in Sections 11.1 and 12.1,

(C) conform to and comply with all applicable Department of Transportation, Association of American Railroads and Federal Railroad Administration (or any successor agency) safety rules and regulations,

(D) be suitable for interchange under the rules of the Association of American Railroads and Federal Railroad Administration (or any successor agency) rules and regulations, to the extent the Equipment was originally designed and approved,

(E) have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 13.1 and have had

removed therefrom in a workmanlike manner if so requested by the Lessor at Lessee's expense (A) any addition, modification or improvement which, as provided in Section 13.1, is owned by Lessee, and (B) any insignia or marking,

(F) be suitable for loading coal,

(G) be free from all material accumulations or deposits from commodities transported in or on it while in the service of Lessee and be free of corrosion, ordinary wear and tear excepted,

(H) not have any missing or damaged parts or any structural or mechanical damage on any surface or device, ordinary wear and tear excepted, and

(I) be free and clear of all Liens, other than any Lessor Lien.

Lessee shall pay for any repairs necessary to restore any Item of Equipment to the condition required by the preceding sentence.

(iv) For the purpose of delivering possession of the Items of Equipment as above required, Lessee shall at its own cost, expense and risk:

(A) forthwith and in the usual manner (including, but not by way of limitation, to the extent legally required by Applicable Law to protect Lessor's and any Affected Party's interest in the Items of Equipment) give prompt electronic and written notice to all railroads to which any Items of Equipment have been interchanged or which may have possession thereof to return the Items of Equipment and place such Items of Equipment upon such storage tracks along the rail routes then used by Lessee in the ordinary usage of the Equipment as Lessor reasonably may designate;

(B) cause such Items of Equipment to be stored on such tracks at the risk of the Lessee without charge to Lessor or any Affected Party for insurance, rent or storage until all such Items of Equipment have been sold, leased or otherwise disposed of by Lessor, but not to exceed ninety (90) days; and

(C) deliver to Lessor, if requested, all manuals and inspection, modification, overhaul and maintenance records applicable to such Items of Equipment (which records may exclude the costs of repairs, maintenance, modifications and overhauls) and permit Lessor or its representatives access to such Items of Equipment during normal business hours during such storage period for the purposes of inspecting said Items and verifying that the return conditions set forth in this Section 22.1 have been complied with. During the storage period, Lessee will maintain and keep the Items of Equipment in the manner set forth in Section 12.1 hereof and permit Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or other user of any Items of Equipment, to inspect the same during normal business hours at such inspector's own risk, cost and expense.

(v) During the Marketing Period, the Lessee shall use best efforts to sell the Lessor's interest in the Leased Assets and will attempt to obtain the highest purchase price therefor and for not less than the Fair Market Sales Value thereof. The Lessee will be responsible for hiring brokers and making the Leased Assets available for inspection by prospective purchasers. The Lessee shall promptly upon request permit inspection of the Leased Assets and

any maintenance records relating to the Leased Assets by any potential purchasers, and shall otherwise do all things necessary to sell and deliver possession of the Leased Assets to any purchaser. All such marketing of the Leased Assets shall be at the Lessee's sole expense. The Lessee's agency under this clause shall, for the first three (3) months of the Marketing Period, be on an exclusive basis. In the event the Lessee is unable to procure during such period a bona fide bid from a non-Affiliated Person with demonstrable financial capacity to consummate such bid for the Leased Asset, from and after such third month, the agency hereunder shall be on a non-exclusive basis.

(vi) The Lessee shall submit all offers to purchase the Leased Assets to the Lessor and the Lessor will have the right to review the same and the right to submit one or more of its own offers. All offers shall be on an all-cash basis unless the Lessor shall otherwise agree in its sole discretion. No purchaser shall be the Lessee or an Affiliate of the Lessee. Each offer must specify such Expiration Date as the closing date unless the Lessor shall otherwise agree in its sole discretion. Any agreement as to such sale shall be made subject to the Lessor's rights hereunder and the proposed sale shall be subject to the prior written approval of Lessor if the anticipated Proceeds to be received as a result of such sale is less than the Lease Balance of the Leased Assets.

(vii) In connection with any such sale of Lessor's interest in the Leased Assets, the Lessee will provide to the purchaser all customary "seller's" indemnities, representations and warranties regarding absence of Liens (except Lessor Liens) and the condition of the Leased Assets to the extent the same are required by the purchaser. The Lessee shall have obtained, at its cost and expense, all required governmental and regulatory consents and approvals and shall have made all filings as required by all Requirements of Law in order to carry out and complete the transfer of the Leased Assets. As to the Lessor, any such sale of Lessor's interest in the Leased Assets shall be made on an "as is, with all faults" basis without representation or warranty by the Lessor other than the absence of Lessor Liens.

(viii) The Lessee shall pay directly, and not from the sale proceeds, all prorations, credits, costs and expenses of the sale of Lessor's interest in the Leased Assets, whether incurred by the Lessor, any Affected Party or the Lessee, including the cost of all environmental reports, appraisals, transfer taxes, the Lessor's or any Affected Party's reasonable attorneys' fees, the Lessee's attorneys' fees, commissions, escrow fees, recording fees, and all applicable documentary and other transfer taxes, notwithstanding whether Lessee has complied with all of the conditions and all of its obligations under clause (a) hereof.

(ix) If the Guaranteed Residual Value plus the portion of the Proceeds to be retained by the Lessor pursuant to Section 22.1(b)(i) is less than the Lease Balance of the Leased Assets, then the Lessor may cause an appraisal to be made, at the expense of the Lessee, to determine the amount of such reduction due to excess wear and tear. The Lessee shall pay to the Lessor on or prior to such Expiration Date (or to such other Person as the Lessor shall notify the Lessee in writing) an amount equal to the Guaranteed Residual Value for the Leased Assets, plus all Base Rent and all other amounts hereunder which have accrued or will accrue with respect thereto prior to or as of such Expiration Date, plus the amount, if any, by which the Fair Market Sales Value of the Leased Assets have been reduced by excess wear and tear of the Leased Asset.

(b) (i) If the Lessee complies with all of the conditions and all of its obligations under clause (a) above and arranges for the sale of the Leased Assets, then the purchase of Lessor's interest in the Leased Assets shall be consummated on such Expiration Date and the proceeds of the sale of the Leased Assets shall be paid directly to the Lessor. If the proceeds received by the Lessor exceed the

aggregate Lease Balance for the Leased Assets as of such date, then an amount equal to such excess plus the Guaranteed Residual Value (as paid to the Lessor by the Lessee pursuant to clause (a) above) shall be paid to the Lessee on the Expiration Date. If the proceeds received by the Lessor are less than the aggregate Lease Balance for the Leased Assets as of the Expiration Date, then the Proceeds shall be paid and applied as follows on the Expiration Date: first, to the Lessor and each Affected Party to the extent of all reasonable costs and expenses then having been incurred by such Person in effecting such sale; second, to any sales or transfer taxes and charges upon sale (if any); third, to the Lessor in an amount equal to the difference between the Lease Balance and the Guaranteed Residual Value for the Leased Assets; and fourth, to the Lessee in an amount equal to the balance, if any, of such Proceeds.

(ii) If the Lessee complies with all of the conditions and all of its obligations under clause (a) above but the sale of the Leased Assets is not consummated on or before the Expiration Date, then the Lessee shall surrender the Leased Assets to the Lessor on such Expiration Date as required by Sections 12.2 and 23.2, and on such Expiration Date, Lessee shall pay to Lessor the Lease Balance (determined as of the Expiration Date) with respect to the Equipment, plus Rent (if any) then due. Lessor shall then attempt to sell all of the Leased Assets to an independent third party or parties, and the proceeds with respect thereto shall be paid to Lessor. Upon receipt by Lessor of such proceeds, Lessor shall pay to Lessee the Guaranteed Residual Value for all Lease Supplements plus the amount (if any) by which the Proceeds exceeds the Guaranteed Residual Value for all Lease Supplements. Each of the parties hereto expressly acknowledges and agrees that no other Affected Party other than Lessor shall have any obligation to Lessee with respect to the payment of such amounts to Lessee pursuant to this Section 22.1(b)(ii).

(iii) If the Lessee does not comply in any material respect with any of the conditions or any of its obligations under clause (a) above with respect to the Leased Assets, then the Lessor may declare by written notice to the Lessee the Remarketing Option with respect to the Leased Assets to be null and void (whether or not theretofore exercised by Lessee), in which event all of the Lessee's rights under this Section 22.1 shall immediately terminate and the Lessee shall be obligated to purchase Lessor's interest in the Leased Assets as if it had exercised its Purchase Option under Section 20.1 on such Expiration Date.

(c) Except as expressly set forth herein, the Lessee shall have no right, power or authority to bind the Lessor in connection with any proposed sale of Lessor's interest in the Leased Asset. The Lessor shall have the right, but shall be under no duty, to solicit offers, to inquire into the efforts of the Lessee to obtain offers or otherwise to take action in connection with any such sale of Lessor's interest in the Leased Assets, other than as expressly provided in this Article XXII. Notwithstanding anything to the contrary contained herein, the Lessor shall not be obligated to sell the Leased Assets or consummate any sale arranged by the Lessee if the portion of the Proceeds thereof to be retained by the Lessor pursuant to Section 22.1(b)(i) plus the Guaranteed Residual Value of the Leased Assets would be less than the Lease Balance of the Leased Assets.

22.2 Certain Obligations Continue. During the Marketing Period for any Leased Assets, the obligation of the Lessee to pay Rent shall continue undiminished until payment in full to the Lessor of the Guaranteed Residual Value and all other amounts due to the Lessor with respect to such Leased Assets under the Operative Documents to which the Lessee is a party.

ARTICLE XXIII

PROCEDURES RELATING TO PURCHASE OR REMARKETING

23.1 Conveyance upon Purchase. In connection with the Lessee's (or its designee's) purchase of any Leased Assets pursuant to Section 20.1 or 20.2 or in connection with a purchase of the Lessor's interest in any Leased Asset under Section 17.1(e):

(i) the Lessee shall pay or cause to be paid the amounts set forth in Section 20.1, Section 20.2 or Section 17.1(e), as applicable, together with all accrued Rent relating to such Leased Assets and any other amount then due and payable by the Lessee to the Lessor under this Lease or the other Operative Documents (including any Transaction Expenses relating to such purchase);

(ii) the Lessor shall execute and deliver to the Lessee (or to the Lessee's designee) at the Lessee's cost and expense a bill of sale with respect to any Equipment being sold, and an assignment of the Lessor's entire interest in such Equipment in each case in recordable form and otherwise in conformity with local custom and free and clear of any Lessor Liens attributable to the Lessor; and

(iii) the Leased Assets being sold shall be conveyed to the Lessee (or to the Lessee's designee) "AS IS" and in their then present physical condition, and the Lessor shall not be required to make and may specifically disclaim any representation or warranty as to the condition of the Leased Assets and other matters (except that the Lessor shall warrant that it has conveyed whatever interest it received in the Leased Assets, free and clear of any Lessor Lien).

23.2 Conveyance upon Remarketing. If the Lessee properly exercises the Remarketing Option for any Leased Assets, then the Lessee shall, on the Expiration Date applicable thereto, and at its own cost, transfer possession of such Leased Assets to independent purchaser(s) thereof or the Lessor, as the case may be, in each case by surrendering the same into the possession of such purchaser(s) or the Lessor, as the case may be, in the condition required pursuant to Sections 22.1(a)(iii) and (iv). The Lessee shall, during the Marketing Period and up to one year after such Expiration Date, cooperate reasonably with the Lessor and the independent purchaser(s) of Lessor's interest in such Leased Assets in order to facilitate the purchase by such purchaser(s) of Lessor's interest in such Leased Assets, which cooperation shall include the following, all of which the Lessee shall do on or prior to such Expiration Date or as soon thereafter as is reasonably practicable: providing copies of all books and records regarding the maintenance and ownership of such Leased Assets and all data and technical and all other information relating thereto (to the extent not previously supplied), granting or assigning on or after such Expiration Date all licenses (to the extent such licenses are assignable under Applicable Law) necessary for the operation and maintenance of such Leased Assets and cooperating reasonably in seeking and obtaining any necessary Governmental Action. The obligations of the Lessee under this paragraph shall survive the expiration or termination of this Lease.

ARTICLE XXIV

INDEMNIFICATION

24.1 General Indemnification. The Lessee agrees, whether or not any of the transactions contemplated hereby shall be consummated, to indemnify, protect, defend, save and hold harmless each Indemnatee, on an After Tax Basis, from and against any and all Claims that may be imposed on, incurred by or asserted against such Indemnatee (whether because of action or omission by such Indemnatee or

otherwise), whether or not such Indemnitee shall also be indemnified as to any such Claim by any other Person and whether or not such Claim arises or accrues prior to the Closing Date or after the Expiration Date applicable to any Leased Asset, in any way relating to or arising out of:

- (a) any of the Operative Documents or any of the transactions contemplated thereby;
- (b) the Leased Assets or any part thereof or interest therein;
- (c) the purchase, design, construction, preparation, installation, inspection, delivery, non-delivery, acceptance, rejection, ownership, management, possession, operation, rental, lease, sublease, repossession, maintenance, repair, alteration, modification, addition or substitution, storage, transfer of title, redelivery, use, financing, refinancing, disposition, operation, condition, sale (including, without limitation, any sale pursuant to any provision hereof), return or other disposition of all or any part or any interest in any Leased Asset or the imposition of any Lien (or incurring of any liability to refund or pay over any amount as a result of any Lien) thereon, including: (1) Claims or penalties arising from any violation of Applicable Law or in tort (strict liability or otherwise), (2) latent or other defects, whether or not discoverable, (3) any Claim based upon a violation or alleged violation of the terms of any restriction, easement, condition or covenant or other matter affecting title to any Leased Asset, and (4) any Claim for patent, trademark or copyright infringement;
- (d) the breach by the Lessee of any covenant, representation or warranty made by it or deemed made by it in any Operative Document or in any certificate delivered pursuant to any Operative Document;
- (e) the retaining or employment of any broker, finder or financial advisor by the Lessee or any of its Affiliates to act on its behalf in connection with the transactions contemplated hereby; or
- (f) the existence of any Lien on or with respect to any Leased Asset, any Base Rent or Supplemental Rent, or any interest therein, including any Liens which arise out of the possession, use, occupancy, construction, repair or rebuilding of any Leased Asset or by reason of labor or materials furnished or claimed to have been furnished to the Lessee, or any of its contractors or agents or by reason of the financing of any personalty or equipment purchased or leased by the Lessee or Alterations made by the Lessee, except Lessor Liens and Liens in favor of the Lessor;

provided, however, the Lessee shall not be required to indemnify any Indemnitee under this Section 24.1 for any of the following: (1) any Claim to the extent resulting from the gross negligence or willful misconduct of such Indemnitee, or the breach of any representation, warranty or covenant of such Indemnitee set forth in any Operative Document, or in any written representation provided by such Indemnitee pursuant to Section 19.1(a)(2) hereof, or the breach or violation of Applicable Law (other than usury laws) by such Indemnitee (except to the extent attributable to an act of the Lessee), (2) any Claim resulting from Lessor Liens which the Lessor is responsible for discharging under the Operative Documents, (3) any Claim arising from a breach or alleged breach by the Lessor of any Loan Agreement which does not arise from a breach by the Lessee of any of its obligations under the Operative Documents, (4) any Claim arising from the Lessor's or any other Indemnitee's violation of any state or federal law or regulation relating to banking, or (5) any Claim to the extent attributable to acts or events occurring after the expiration of the Lease Term and the remarketing of any Leased Asset (unless such act or event allegedly resulted from, related to or is otherwise attributable to any act or event occurring during the Lease Term or the remarketing of any Leased Asset), so long as the Lessor is not exercising remedies against the Lessee in respect of the Operative Documents. It is expressly understood and agreed that the indemnity provided for herein shall survive the expiration or termination of and shall be separate and independent from any remedy under this Lease or any other Operative Document. Without limiting the

express rights of any Indemnitee hereunder, this Section 24.1 shall be construed as an indemnity only and not a guaranty of residual value of any Leased Asset.

24.2 Environmental Indemnity. Without limitation of the other provisions of this Article XXIV, the Lessee hereby agrees to indemnify, protect, defend, save and hold harmless each Indemnitee, on an After Tax Basis, from and against any and all Claims, including all costs incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work by any Governmental Authority, that may be imposed on, incurred by or asserted against such Indemnitee (whether because of action or omission by such Indemnitee or otherwise), whether or not such Indemnitee shall also be indemnified as to any such Claim by any other Person and whether or not such Claim arises or accrues prior to the Closing Date or after the Expiration Date applicable to any Leased Asset, in any way relating to or arising out of:

(a) the presence on or under any property of any Hazardous Materials, or any releases or discharges of any Hazardous Materials on, under, from or onto any property for which any Indemnitee or Lessee may be legally liable,

(b) any activity for which any Indemnitee or Lessee may be legally liable, carried on or undertaken on or off any property, and whether by the Lessee or any predecessor in title or any employees, agents, contractors or subcontractors of the Lessee or any predecessor in title, or any other Persons (including such Indemnitee), in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Materials that at any time are located or present on or under or that at any time migrate, flow, percolate, diffuse or in any way move onto or under any property,

(c) loss of or damage to any property or the environment (including, clean-up costs, response costs, remediation and removal costs, cost of corrective action, costs of financial assurance, fines and penalties and natural resource damages), or death or injury to any Person, and all expenses associated with the protection of wildlife, aquatic species, vegetation, flora and fauna, and any mitigative action required by or under Environmental Laws for which any Indemnitee or Lessee may be legally liable with respect to any property,

(d) any claim concerning any Indemnitee's or Lessee's lack of compliance with Environmental Laws applicable to any property, or any act or omission by any Indemnitee, the Lessee or any of their agents, employees or contractors causing an environmental condition with respect to any property that requires remediation or would allow any Governmental Authority to record a Lien on the land records, or

(e) any residual contamination on or under any land, or affecting any natural resources, and to any contamination of any property or natural resources arising in connection with the generation, use, handling, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances for which any Indemnitee or Lessee may be legally liable;

provided, however, the Lessee shall not be required to indemnify any Indemnitee under this Section 24.2 for (1) any Claim to the extent resulting from the gross negligence or willful misconduct of such Indemnitee or (2) any Claim to the extent attributable to acts or events occurring after the expiration of the Lease Term and the remarketing of any Leased Asset so long as the Lessor is not exercising remedies against the Lessee in respect of the Operative Documents. It is expressly understood and agreed that the indemnity provided for herein shall survive the expiration or termination of and shall be separate and independent from any remedy under this Lease or any other Operative Document.

24.3 Tax Indemnity.

(a) The Lessee agrees, whether or not any of the transactions contemplated hereby shall be consummated, to indemnify, protect, defend, save and hold harmless each Indemnitee, on an After Tax Basis, from and against any and all Impositions that may be imposed on, incurred by or asserted against such Indemnitee (whether because of action or omission by such Indemnitee or otherwise), whether or not such Indemnitee shall also be indemnified as to any such Impositions by any other Person and whether or not such Impositions arise or accrue prior to the Closing Date or after the Expiration Date applicable to any Leased Asset.

(b) Any Imposition indemnifiable under this Section 24.3 shall be paid directly when due to the applicable taxing authority if direct payment is practicable and permitted. If direct payment to the applicable taxing authority is not permitted or is otherwise not made, any amount payable to an Indemnitee pursuant to this Section 24.3 shall be paid within thirty (30) days after receipt of a written demand therefor from such Indemnitee accompanied by a written statement describing in reasonable detail the amount so payable, but not before two (2) Business Days prior to the date that the relevant Taxes are due. Any payments made pursuant to this Section 24.3 directly to the Indemnitee entitled thereto shall be made in immediately available funds at such bank or to such account as specified by the payee in written directions to the payor, or, if no such direction shall have been given, by check of the payor payable to the order of the payee by certified mail, postage prepaid at its address. Upon the request of any Indemnitee with respect to an Imposition that the Lessee is required to pay, the Lessee shall furnish such Indemnitee the original or a certified copy of a receipt for the Lessee's payment of such Imposition or such other evidence of payment as is reasonably acceptable to such Indemnitee.

(c) At the Lessee's request, the amount of any indemnity payment by the Lessee pursuant to this Section 24.3 shall be verified and certified by an independent public accounting firm mutually acceptable to the Lessee and the Indemnitee. The Indemnitee shall provide such independent public accounting firm, on a confidential basis, the requisite financial information. The costs of such verification shall be borne by the Lessee unless such verification shall result in an adjustment in the Lessee's favor of \$10,000 or more, in which case such fee shall be paid by the Indemnitee. In no event shall the Lessee have the right to review the Indemnitee's tax returns or receive any other confidential information from the Indemnitee in connection with such verification. Any information provided to such independent public accounting firm by any Person shall be and remain the exclusive property of such Person and shall be deemed by the parties to be (and the independent public accounting firm will confirm in writing that they will treat such information as) the private, proprietary and confidential property of such Person, and no Person other than such Person and the independent public accounting firm shall be entitled thereto and all such materials shall be returned to such Person. Such independent public accounting firm shall be requested to make its determination within thirty (30) days of the Lessee's request for verification and the computations of the independent public accounting firm shall be final, binding and conclusive upon the Lessee and the Indemnitee. The parties agree that the sole responsibility of the independent public accounting firm shall be to verify the amount of a payment pursuant to this Lease and that matters of interpretation of this Lease are not within the scope of the independent public accounting firm's responsibilities.

(d) The Lessor represents and warrants that it will not, prior to the termination of the Lease Term for any Leased Assets, claim ownership of (or any tax benefits, including depreciation, with respect to) such Leased Assets for any income tax purposes, it being understood that the Lessee is and will remain the owner of such Leased Assets for such income tax purposes until the termination of such Lease Term.

(e) It is expressly understood and agreed that the indemnity provided for herein shall survive the expiration or termination of and shall be separate and independent from any remedy under this Lease or any other Operative Document.

24.4 Proceedings in Respect of Claims.

(a) If any Claim shall be made against any Indemnitee or if any action, suit or proceeding shall be brought against any Indemnitee in respect of any Claim for which such Indemnitee is entitled to be indemnified hereunder, such Indemnitee shall promptly notify the Lessee in writing (provided that failure to so notify the Lessee shall not alter such Indemnitee's rights under this Section 26 except to the extent such failure precludes or materially adversely affects the Lessee's ability to conduct a contest of any Claim), if, within thirty (30) days of receipt of such notice from the Indemnitee (or such shorter period as the Indemnitee has notified Lessee is required by law or regulation for the Indemnitee to commence such contest), Lessee shall request in writing that such Indemnitee contest such Imposition, the Indemnitee shall, at the expense of Lessee, in good faith conduct and control such contest (including, without limitation, by pursuit of appeals) relating to the validity, applicability or amount of such Impositions (provided, however, that (A) if such contest can be pursued independently from any other proceeding involving a tax liability of such Indemnitee, the Indemnitee, at Lessee's request, shall allow Lessee to conduct and control such contest and (B) in the case of any contest that Lessee is not entitled to control, the Indemnitee may request Lessee to conduct and control such contest if possible or permissible under applicable law or regulation) by, in the sole discretion of the Person conducting and controlling such contest, (1) resisting payment thereof, (2) not paying the same except under protest, if protest is necessary and proper, (3) if the payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings, or (4) taking such other action as is reasonably requested by Lessee from time to time the Lessee shall be entitled, at its expense, to participate in, and, to the extent that the Lessee desires to, assume and control the defense thereof; provided, however, that the Lessee shall have acknowledged in writing its obligation to fully indemnify such Indemnitee in respect of such action, suit or proceeding, and the Lessee shall keep such Indemnitee fully apprised of the status of such action, suit or proceeding and shall provide such Indemnitee with all information with respect to such action, suit or proceeding as such Indemnitee shall reasonably request, and provided further that the Lessee shall not be entitled to assume and control the defense of any such action, suit or proceeding if and to the extent that (A) in the reasonable opinion of such Indemnitee, (x) such action, suit or proceeding involves any risk of imposition of criminal liability or any risk of imposition of material civil liability on such Indemnitee beyond that for which the Indemnitee is jointly and severally liable with the Lessor or will involve a material risk of the sale, forfeiture or loss of, or the creation of any Lien (other than a Permitted Lien) on, any Leased Asset or any part thereof unless, in the case of civil liability, the Lessee shall have posted a bond or other security satisfactory to the relevant Indemnitees in respect to such risk or (y) the control of such action, suit or proceeding would involve a material conflict of interest on the part of the Lessee, (B) such proceeding involves Claims not fully indemnified by the Lessee which the Lessee and the Indemnitee have been unable to sever from the indemnified claim(s), or (C) an Event of Default has occurred and is continuing. The Indemnitee may participate in a reasonable manner at its own expense and with its own counsel in any proceeding conducted by the Lessee in accordance with the foregoing. The Lessee shall not enter into any settlement or other compromise with respect to any Claim which is entitled to be indemnified under Section 24.1, 24.2 or 24.3 without the prior written consent of the Indemnitee, which consent shall not be unreasonably withheld in the case of a money settlement not involving an admission of liability of such Indemnitee; provided, however, that in the event that such Indemnitee withholds consent to any settlement or other compromise, the Lessee shall not be required to indemnify such Indemnitee under Section 24.1, 24.2 or 24.3 to the extent that the applicable Claim (x) is for legal fees and expenses incurred after the date of the proposed settlement or (y) results in a judgment in excess of such offered money settlement.

(b) Each Indemnitee shall at the expense of the Lessee supply the Lessee with such information and documents reasonably requested by the Lessee and in the possession of such Indemnitee as are necessary or advisable for the Lessee to participate in any action, suit or proceeding to the extent permitted by this Section 24.4. Unless an Event of Default shall have occurred and be continuing under Section 18.1(a), (f) or (g), no Indemnitee shall enter into any settlement or other compromise with respect to any Claim for which it is entitled to be indemnified under Section 24.1, 24.2 or 24.3 without the prior written consent of the Lessee, which consent shall not be unreasonably withheld, unless such Indemnitee waives its right to be indemnified under Section 24.1, 24.2 or 24.3 with respect to such Claim.

(c) Any amount required to be paid to an Indemnitee pursuant to Section 24.1 or 24.2 shall be paid to such Indemnitee promptly upon receipt of a written demand therefor from such Indemnitee, accompanied by a written statement describing in reasonable detail the basis for such indemnity and the computation of the amount so payable; provided, however, that if the Lessee has assumed the defense of the related Claim or is paying the costs of the Indemnitee's defense of the related Claim on an ongoing basis, the Lessee shall not be required to pay such amount to the applicable Indemnitee until such time as a judgment is entered with respect to such Claim, the enforcement of which is not stayed or which judgment is not bonded over, or the Claim is otherwise settled or lost. Upon reimbursement of payment in full of any Claim by the Lessee pursuant to Section 24.1, 24.2 or 24.3 to or on behalf of an Indemnitee, the Lessee, without any further action, shall be subrogated to any and all claims that such Indemnitee may have relating thereto (including claims in respect of insurance policies maintained by such Indemnitee at its own expense), and such Indemnitee shall execute such instruments of assignment and conveyance, evidence of claims and payment and such other documents, instruments and agreements as may be necessary to preserve any such claims and otherwise cooperate with the Lessee and give such further assurances as are necessary or advisable to enable the Lessee vigorously to pursue such claims.

ARTICLE XXV

ESTOPPEL CERTIFICATES

25.1 Estoppel Certificates. At any time and from time to time upon not less than twenty (20) days' prior request by the Lessor or the Lessee (the "Requesting Party"), the other party (whichever party shall have received such request, the "Certifying Party") shall furnish to the Requesting Party (but in the case of the Lessor, as Certifying Party, not more than once per year unless required to satisfy the requirements of any sublessees and only to the extent that the required information has been provided to the Lessor by the Lessee) a certificate signed by a representative of the Certifying Party certifying that this Lease is in full force and effect (or that this Lease is in full force and effect as modified and setting forth the modifications); the dates to which the Base Rent and Supplemental Rent have been paid; to the best knowledge of the signer of such certificate, whether or not the Requesting Party is in default under any of its obligations hereunder (and, if so, the nature of such alleged default); and such other matters under this Lease as the Requesting Party may reasonably request. Any such certificate furnished pursuant to this Article XXV may be relied upon by the Requesting Party, and any existing or prospective mortgagee, purchaser or lender, and any accountant or auditor, of, from or to the Requesting Party (or any Affiliate thereof).

ARTICLE XXVI

ACCEPTANCE OF SURRENDER

26.1 Acceptance of Surrender. No surrender to the Lessor of this Lease or of all or any portion of any Leased Asset or of any part of any thereof or of any interest therein shall be valid or effective unless agreed to and accepted in writing by the Lessor, and no act by the Lessor or any representative or agent of the Lessor, other than a written acceptance, shall constitute an acceptance of any such surrender.

ARTICLE XXVII

NO MERGER OF TITLE

27.1 No Merger of Title. There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, in whole or in part, (i) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate or (ii) a beneficial interest in the Lessor.

ARTICLE XXVIII

INTENT OF THE PARTIES

28.1 Ownership of the Leased Assets; Grant of Security Interest.

(a) For income tax purposes, Lessor will treat Lessee as the owner of the Leased Assets. Accordingly, unless prohibited by Applicable Law, Lessor agrees (i) to treat Lessee as the owner of the Leased Assets on its Federal income tax return, (ii) not to take actions or positions inconsistent with such treatment on or with respect to its Federal income tax return, and not claim any tax benefits available to an owner of the Leased Assets on or with respect to its Federal income tax return. The foregoing undertakings by Lessor shall not be violated by Lessor's taking a tax position through inadvertence so long as such inadvertent tax position is reversed by Lessor promptly upon its discovery. Lessor shall in no event be liable to Lessee if Lessee fails to secure any of the tax benefits available to the owner of the Leased Assets.

(b) In order to secure the prompt payment of the Rent and all of the other amounts from time to time outstanding under and with respect to the Lease Supplements, and the performance and observance by Lessee of all the agreements, covenants and provisions thereof (including, without limitation, all of the agreements, covenants and provisions of this Lease), Lessee hereby grants to Lessor a first priority security interest in the Leased Assets leased, together with all additions, attachments, accessories and accessions thereto whether or not furnished by the supplier of the Leased Assets and any and all substitutions, replacements or exchanges therefor, together with all warranties with respect thereto, manuals and other books and records relating thereto, in each such case in which Lessee shall from time to time acquire an interest, and any and all insurance and/or other proceeds (but without power of sale) of the property in and against which a security interest is granted hereunder.

(c) It is the intention of the parties hereto to comply with any applicable usury laws to the extent that this Lease is determined to be subject to such laws; accordingly, it is agreed that, anything in this Lease or any of the Related Documents to the contrary notwithstanding, if at any time the rate of interest payable by any Person under this Lease or any of the Related Documents exceeds the highest rate of interest permissible under any Applicable Law (the "Maximum Lawful Rate"), then, so long as the

Maximum Lawful Rate would be exceeded, the rate of interest under this Lease or such Related Document shall be equal to the Maximum Lawful Rate. If at any time thereafter the rate of interest payable under this Lease or such Related Document is less than the Maximum Lawful Rate, such Person shall continue to pay interest under this Lease and such Related Document at the Maximum Lawful Rate until such time as the total interest received from such Person is equal to the total interest that would have been received had the Applicable Law not limited the interest rate payable under this Lease or such Related Document. In no event shall the total interest received by Lessor under this Lease or any of the Related Documents exceed the amount which Lessor and each other Affected Party could lawfully have received, had the interest due under this Lease or such Related Documents been calculated since the date hereof at the Maximum Lawful Rate.

ARTICLE XXIX

PAYMENT OF EXPENSES; YIELD PROTECTION

29.1 Transaction Expenses.

(a) The Lessee shall pay, or cause to be paid, from time to time all Transaction Expenses in respect of the transactions taking place on the Closing Date and on each Funding Date on such respective date.

(b) The Lessee shall promptly pay or cause to be paid (i) all reasonable Transaction Expenses from time to time incurred by the Lessor and each Affected Party entering into any future amendments or supplements requested or approved by the Lessee with respect to any of the Operative Documents, or giving or withholding of waivers of consents hereto or thereto, (ii) all reasonable Transaction Expenses incurred by the Lessor and each Affected Party in connection with any purchase, sale or exchange of any Leased Asset by the Lessee or other Person pursuant to this Lease and (iii) all Transaction Expenses incurred by the Lessor and each Affected Party in connection with any enforcement of any of their rights or remedies against the Lessee in respect of the Operative Documents.

(c) Notwithstanding anything to the contrary contained herein, if the Lessor has paid any Transaction Costs which the Lessee is responsible for paying hereunder or under the other Operative Documents, then, in lieu of requiring the Lessee to reimburse the Lessor or any Affected Party therefor, the Lessor may, on the Acquisition Date for any Leased Asset, add a pro rata portion of such unreimbursed Transaction Costs (plus the Lessor's or any Affected Party's cost of financing the same from the date paid by the Lessor or any Affected Party to such Acquisition Date) to the Lease Balance for such Leased Asset, and the Lessor shall be deemed to have made a Funding in an amount equal to such pro rata portion.

29.2 Brokers' Fees and Stamp Taxes. The Lessee shall pay or cause to be paid any brokers' fees and any and all stamp, transfer and other similar taxes, fees and excises, if any, including any interest and penalties, which are payable in connection with the transactions contemplated by this Lease and the other Operative Documents. The Lessor and the Lessee each represent to the other that it has not employed any brokers (other than, with respect to the Lessee, BTM Capital Corporation) in connection with the transactions contemplated by the Operative Documents.

29.3 Funding Losses. Lessee shall pay to any Affected Party, upon the request of such Affected Party, such amount or amounts as shall compensate such Affected Party for any loss (including loss of profit), cost or expense incurred by such Affected Party (as reasonably determined by such Affected Party) as a result of: (1) any repayment of an advance (and interest thereon) pursuant to any Program Support Document other than on the maturity date of the financing source funding such advance,

or (2) the termination, in whole or in part, of any Interest Rate Agreement entered into by such Affected Party in connection with the transactions contemplated by the Related Documents, prior to its anticipated maturity as a result of the occurrence of a Event of Default, the exercise by Lessee of any of its options pursuant hereto, or any other event giving rise to the repayment of the Lease Balance prior to the anticipated maturity thereof; such compensation to be limited to an amount equal to any loss or expense suffered by such Affected Party during the period from the date of receipt of such repayment to (but excluding) the maturity date of such financing source, if the rate of interest obtainable by such Affected Party upon the redeployment of an amount of funds equal to the amount of such repayment is less than the rate of interest applicable to such financing source, plus any termination or other payments payable by such Affected Party pursuant to any such Interest Rate Agreement (such expense to be referred to as "Breakage Costs"). The determination by any Affected Party of the amount of any such loss or expense shall be set forth in a written notice to Lessee in reasonable detail and shall be conclusive, absent manifest error. If such Affected Party maintains its investment therein on a LIBOR Rate basis and any payment of Rent or any other payment hereunder is made on a date other than the scheduled last day of the LIBOR Rate interest period or Rent payment period applicable thereto (including, without limitation, as a result of acceleration of the obligations hereunder), then Lessee shall pay to Lessor for distribution to such Affected Party, within three (3) Business Days following written demand therefor by such Affected Party, the amount of Breakage Costs actually incurred by such Affected Party in connection therewith. A certificate from such Affected Party as to the calculation of Breakage Costs shall, absent demonstrable error, be final and conclusive.

29.4 Increased Cost; Capital Adequacy.

(a) If Lessor or any other Affected Party shall have determined that the adoption or effectiveness after the date hereof of any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by Lessor or any other Affected Party with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law) from any central bank or other Governmental Authority increases or would have the effect of increasing the amount of capital, reserves or other funds required to be maintained by Lessor or any other Affected Party against commitments made by it under this Lease or any Related Document and thereby reducing the rate of return on Lessor's or any other Affected Party's capital as a consequence of its commitments hereunder or thereunder, then Lessee shall from time to time upon demand by Lessor or an Affected Party pay to Lessor or such other Affected Party additional amounts sufficient to compensate Lessor or such other Affected Party for such reduction together with interest thereon from the third Business Day following the date of any such demand until payment in full at the Overdue Rate. A certificate as to the amount of that reduction and showing the basis of the computation thereof submitted by Lessor or an Affected Party to Lessee shall be presumptively correct (absent manifest error) for all purposes.

(b) If, due to any Regulatory Change, there shall be any increase in the cost to Lessor or any other Affected Party of agreeing to make or making, funding or maintaining any commitment hereunder or under any Related Document, or any reduction in any amount receivable by Lessor or such other Affected Party hereunder or thereunder (any such increase in cost or reduction in amounts receivable are hereinafter referred to as "Additional Costs"), then Lessee shall, from time to time upon demand by Lessor or an Affected Party, pay to Lessor or any other Affected Party additional amounts sufficient to compensate Lessor or any other Affected Party for such increased reserve requirements or increased costs or Additional Costs pursuant to Section 29.4(a) or (b) hereof together with interest thereon from the third Business Day following the date of any such demand until payment in full thereof at the Overdue Rate.

(c) Lessor or any other Affected Party, as applicable, agrees that, as promptly as practicable after it becomes aware of any circumstance referred to above that would result in any such Additional Costs, it shall, to the extent not inconsistent with its internal policies of general application, use reasonable commercial efforts to minimize costs and expenses incurred by it and payable to it by Lessee pursuant to this Section; provided that the Lessee shall not be obligated to compensate the Lessor or any other Affected Party for any such increased costs or Additional Costs incurred more than one hundred eighty (180) days prior to the time the Lessor first notifies the Lessee thereof. Determinations by Lessor or any other Affected Party for purposes of this Section of the effect of any Regulatory Change on its costs of making, funding or maintaining any commitments hereunder or under any Related Document or on amounts receivable by it hereunder or thereunder or of the additional amounts required to compensate Lessor or any other Affected Party in respect of any Additional Costs shall be set forth in a written notice to Lessee in reasonable detail and shall be presumptively correct (absent manifest error) for all purposes.

ARTICLE XXX

OTHER COVENANTS AND AGREEMENTS OF LESSEE

30.1 Certain Notices and Information. The Lessee will deliver to the Lessor:

(a) within five (5) days after a Responsible Employee of the Lessee or any Affiliate of the Lessee obtains knowledge thereof, notice of (i) the occurrence of each Default or Event of Default and (ii) the commencement of any litigation which is of the type referred to in Section 5.2(f) or which, if adversely determined, could have a material adverse effect on the value of any Leased Assets or on the rights or remedies of the Lessor or any Affected Party under the Operative Documents, in each case together with a statement of an authorized officer setting forth details thereof and the action that the Lessee proposes to take with respect thereto; and

(b) promptly after the occurrence thereof, a full written report if any Item of Equipment is lost or damaged (where the estimated repair costs would exceed \$250,000.00 in the aggregate with respect to all Items of Equipment which have been lost or damaged, or after such \$250,000 threshold has been reached, if such loss or damage constitutes a Significant Casualty), or is otherwise involved in an accident causing personal injury or property damage.

30.2 Certain Covenants.

(a) Financial Information. The Lessee agrees to furnish the Lessor: (1) as soon as available, and in any event within one hundred twenty (120) days after the last day of each fiscal year of Lessee, a copy of Lessee's Annual Report on Form 10-K (including any financial information incorporated by reference therein), if any, filed with the SEC for such fiscal year; (2) within sixty (60) days after the last day of each fiscal quarter of Lessee (except the last fiscal quarter of a fiscal year), a copy of Lessee's Quarterly report on Form 10-Q, if any, filed with the SEC for such quarterly period; (3) within fifteen (15) days after filing with the SEC, all Current Reports on Form 8-K; (4) as soon as available to Lessee, notice of any adjustment with respect to the transactions contemplated hereby resulting from any audit of the books and/or records of Lessee by any taxing authority having jurisdiction over Lessee; (5) prompt written notice in the event that Lessee's credit rating by Moody's or S&P is changed; and (6) concurrently with delivery of the financial information required pursuant to Clauses (1) and (2) above, a certificate executed by the treasurer or the chief accounting officer of Lessee confirming Lessee's compliance with the financial covenant specified in Section 30.2(g) hereof, including the information necessary to substantiate such compliance.

In the event the Lessee is no longer obligated to file Forms 10-K and 10-Q with the SEC, the Lessee shall furnish to the Lessor the financial statements required to be filed under such Forms on or prior to the dates specified in the preceding sentence.

(b) Mergers, Etc. The Lessee shall not merge with or into or consolidate with or into any other Person, or sell, transfer or otherwise dispose of substantially all of Lessee's assets, except that Lessee may merge with or into or consolidate with or into another Person, provided that immediately after giving effect thereto, (A) no event shall occur and be continuing which constitutes a Default or Event of Default, (B) Lessee is the surviving corporation or the surviving (if not Lessee) or resulting corporation shall have expressly assumed, by an assumption agreement satisfactory to the Lessor, the obligations of Lessee under this Lease, and (C) Lessee or the surviving entity or resulting entity, as applicable, will have a credit rating by Moody's and S&P's not less than the credit rating of Lessee prior to such merger or consolidation (and such credit rating is then not less than Baa3 by Moody's and BBB- by S&P). If the sale, transfer or disposition of substantially all of the Lessee's assets is with respect to transmission assets that is mandated by compliance with FERC, then the Lessee shall be required to satisfy the conditions specified in Clauses (A) and (C) of this Section 30.2(b).

(c) ERISA. As soon as possible and in any event (A) within thirty (30) days after any ERISA Event described in clause (i) of the definition of ERISA Event with respect to any Plan of Lessee or any ERISA Affiliate of Lessee has occurred and (B) within ten (10) days after any other ERISA Event with respect to any Plan of Lessee or any ERISA Affiliate of Lessee has occurred, Lessee shall deliver to Lessor a statement of a Responsible Employee describing such ERISA Event and the action, if any, which Lessee or such ERISA Affiliate proposes to take with respect thereto.

(d) ERISA Information. Promptly after receipt thereof by Lessee or any of its ERISA Affiliates from the PBGC, Lessee shall deliver to Lessor copies of each notice received by Lessee or such ERISA Affiliate of the PBGC's intention to terminate any Plan of Lessee or such ERISA Affiliate or to have a trustee appointed to administer any such Plan.

(e) ERISA Notice. Promptly after receipt thereof by Lessee or any ERISA Affiliate of Lessee from a Multiemployer Plan sponsor, Lessee shall deliver to Lessor a copy of each notice received by Lessee or such ERISA Affiliate concerning the imposition or amount of withdrawal liability in an aggregate principal amount of at least \$250,000 pursuant to Section 4202 of ERISA in respect of which Lessee or such ERISA Affiliate is reasonably expected to be liable.

(f) Litigation. Lessee shall deliver to Lessor, promptly after Lessee becomes aware of the occurrence thereof, notice of all actions, suits, proceedings or other events for which any Indemnitee will be entitled to indemnity hereunder.

(g) Debt Ratio. Lessee shall not permit the ratio of (i) the sum of (A) the aggregate amount of Indebtedness of the Lessee and its Subsidiaries determined on a consolidated basis, plus (B) the aggregate outstanding amount of Preferred Stock issued by the Lessee or any of its Subsidiaries (excluding any outstanding Preferred Stock issued by a Subsidiary of the Lessee and owned by the Lessee), to (ii) the sum of (A) Total Liabilities of the Lessee, plus (B) Total Equity of the Lessee to be greater than 0.7 to 1.0 at any time.

(h) [Intentionally Omitted].

(i) Filings; Further Assurances. Lessee hereby authorizes Lessor to file any UCC statements necessary to perfect the interest of Lessor hereunder. Lessee agrees, upon Lessor's request, to execute any instrument necessary or expedient for filing, recording or perfecting the interest of Lessor or

any other Affected Party, and to execute and deliver to Lessor such further documents, instruments and assurances and to take such further action as Lessor or any other Affected Party from time to time reasonably may request in order to carry out the intent and purpose of the transaction contemplated hereunder.

(j) No Petition. Lessee agrees that, from and after the date hereof and until the date one (1) year plus one (1) day following the date on which all Commercial Paper has been indefeasibly paid in full in cash, it will not, directly or indirectly, institute or cause to be instituted against any Affected Party which is a CP Conduit any proceeding of the type referred to in Sections 18.1(f) and (g).

(k) Change in Credit Rating. (1) If at any time Lessee's Credit Rating by S&P is less than BBB- and by Moody's is less than Baa3 (or if there is a split rating and there is more than one rating level discrepancy, the average of the ratings by S&P's is less than BBB- or by Moody's is less than Baa3), or is suspended or withdrawn (the date on which such event occurs is hereinafter referred to as the "Trigger Event"), then at Lessee's option: (i) from and after the Trigger Event, the Base Interest Rate shall be increased to the Adjusted Base Interest Rate; or (ii) Lessee shall cause to be delivered to Lessor, within fifteen (15) business days after Lessor's written notice to Lessee, an irrevocable standby letter of credit (the "Letter of Credit") in an amount equal to (A) the Required Amount, minus (B) the value of the Leased Assets as determined on an OLV basis net of Lessor's expenses; or (iii) Lessee may, within sixty (60) days of its notice to Lessor, purchase all of the Leased Assets for the Fixed Purchase Option Price of such Leased Assets plus all taxes and charges upon sale (if any) and all Related Costs and other reasonable and documented expenses incurred by Lessor or any other Affected Party in connection with such sale, together with the Premium Amount (if any), and the sale will be subject to the representations and warranties and the terms of transfer set forth in Article XXIII hereof. Notwithstanding the foregoing, if at any time the Lessee's Credit Rating by S&P is less than BB- or by Moody's is less than Ba3, then the option specified in Clause (ii) of this Section 30.2(k)(1) shall not be available to Lessee.

(2) The Letter of Credit shall be (i) issued by a U.S. domestic commercial bank or by the U.S. branch of a non-domestic commercial bank which is reasonably acceptable to Lessor which shall have a rating of at least BBB+ or higher, (ii) in substantially the form of Exhibit No. 4 attached hereto (or in such other form as may be reasonably acceptable to Lessor), and (iii) for an initial term of one (1) year with automatic annual renewals thereafter (without amendment except for extension of the then current expiration date by an additional year) until Lessee has received written notice from Lessor to the effect that the Letter of Credit is being released in its entirety or Lessee has satisfied the requirements in Section 30.2(k)(3) hereof, unless the issuing bank notifies Lessor in writing of its intention not to renew at least sixty (60) days prior to the expiration of the then current period. After all of Lessee's obligations under the Lease have been indefeasibly paid and performed in full or Lessee has satisfied the requirements in Section 30.2(k)(3) hereof, Lessor shall cause the Letter of Credit to be released.

(3) If, at any time after a Trigger Event, Lessee's Credit Rating by S&P is at least BBB- and by Moody's is at least Baa3 and continuously remains at such level or higher for at least one hundred eighty (180) days, if Lessee had selected the option specified in Section 30.2(k)(1)(ii) hereof, then Lessor agrees to cause the Letter of Credit to be released.

(4) The Lessee agrees that on or before the sixtieth (60th) day immediately preceding the expiration (the "Expiration Date") of the Letter of Credit referred to above (the "Initial Letter of Credit") or of any renewal, amended or new letter of credit issued pursuant hereto (each a "Replacement Letter of Credit"), it will provide written notice to Lessor of the Expiration Date and advise Lessor of the efforts being undertaken with respect to obtaining a Replacement Letter of Credit. The Lessee further agrees that on or before the twentieth (20th) day immediately preceding the Expiration

Date, it will cause to be issued by a U.S. domestic commercial bank or the U.S. branch of a non-domestic commercial bank acceptable to Lessor in its reasonable discretion which shall have a rating of at least BBB+ or higher, a Replacement Letter of Credit in favor of Lessor in substantially the form of the related Initial Letter of Credit for the amount required pursuant to Section 30.2(k)(1) hereof, for a period of not less than one (1) year beyond the termination of such Initial Letter of Credit or Replacement Letter of Credit, as the case may be, which Replacement Letter of Credit shall become effective not later than the Expiration Date.

ARTICLE XXXI

MISCELLANEOUS

31.1 Severability. If any term or provision of this Lease or any application thereof shall be declared invalid or unenforceable, the remainder of this Lease and any other application of such term or provision shall not be affected thereby.

31.2 Amendments and Modifications. Neither this Lease nor any provision hereof may be amended, modified, supplemented, waived, discharged or terminated except by an instrument in writing signed by the Lessor and the Lessee.

31.3 No Waiver. No failure by the Lessor or the Lessee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy upon a default hereunder, and no acceptance of full or partial payment of Rent during the continuance of any such default, shall constitute a waiver of any such default or of any such term. To the fullest extent permitted by law, no waiver of any default shall affect or alter this Lease, and this Lease shall continue in full force and effect with respect to any other then existing or subsequent default.

31.4 Notices. All notices, demands, requests, consents, approvals and other communications hereunder shall be in writing (including by facsimile), and directed to the address of the appropriate party as set forth in Schedule A hereto.

31.5 Successors and Assigns. All the terms and provisions of this Lease shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

31.6 Headings and Table of Contents. The headings and table of contents in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

31.7 Counterparts. This Lease may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Lease by facsimile shall be effective as delivery of a manually executed counterpart of this Lease.

31.8 GOVERNING LAW. THIS LEASE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

31.9 Jurisdiction.

(a) The Lessee hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any

appellate court from any thereof, in any action or proceeding arising out of or relating to this Lease or any other Operative Document, or for recognition or enforcement of any judgment, and the Lessee hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or in such Federal court. The Lessee agrees that a final nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in any Operative Document shall affect any right that the Lessor or any Affected Party may otherwise have to bring any action or proceeding relating to any Operative Document against the Lessee or its properties in the courts of any jurisdiction.

(b) The Lessee hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Lease or any other Operative Document in any court referred to in paragraph (a) of this Section. The Lessee hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) The Lessee irrevocably consents to service of process in the manner provided for notices in Section 31.4. Nothing in any Operative Document will affect the right of any party to this Lease to serve process in any other manner permitted by law.

31.10 Chattel Paper. The single executed original of this Lease containing the receipt of the Lessor therefor following the signature page thereof shall be the original executed counterpart of this Lease (the "Original Executed Counterpart"). To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease may be created through the transfer or possession of any counterpart other than the Original Executed Counterpart.

31.11 Waiver of Jury Trial. THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS LEASE AND/OR ANY OF THE OTHER OPERATIVE DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF SUCH PARTIES. THE PARTIES HERETO ACKNOWLEDGE AND AGREE THAT THEY HAVE RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THE LEASE AND EACH SUCH OTHER OPERATIVE DOCUMENTS.

31.12 Effects of Default. If Lessor is required by the terms hereof to pay to or for the benefit of Lessee any amount received as a refund of any Tax or as insurance proceeds, and a Default or Event of Default has then occurred and is continuing, Lessor shall not be required to pay such amounts unless and until any such Default or Event of Default shall have been cured by Lessee or waived by Lessor.

31.13 CP Conduit. Notwithstanding any provisions contained in this Lease to the contrary, in the event that a CP Conduit is an assignee of any of Lessor's rights in and with respect to the Operative Documents, such CP Conduit shall not, and shall not be obligated to, pay any amount pursuant to this Lease unless such CP Conduit has received funds which may be used to make such payment pursuant to the documents governing its commercial paper program in excess of funds necessary to pay its matured and maturing Commercial Paper. Any amount which such CP Conduit does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the Bankruptcy

Code) against or an obligation of such CP Conduit for any insufficiency unless and until such CP Conduit satisfies the provisions of such preceding sentence.

31.14 Confidentiality. Each of Lessor and Lessee hereby agrees (for itself and its Affiliates) that (a) it will not make any public announcement (except to the extent required in connection with its financial disclosure or reporting requirements or as otherwise required by Applicable Laws) or issue or release for external publication any article or advertising or publicity matter relating to the purchase by Lessor of the Equipment or the lease thereof by Lessor to Lessee without the prior written consent of the other party hereto (which consent shall not be unreasonably withheld), and (b) unless otherwise required by Applicable Laws, it will maintain the confidentiality of the transactions contemplated hereby and by the other Operative Documents and will not disclose, or cause to be disclosed, the same to any Person, except (1) to prospective transferees or financiers of such Person's interest in the Equipment or the Operative Documents, (2) to its Affiliates and its Affiliates' agents, directors, officers, employees, accountants, counsel or other professional advisors that have, in each such case, been instructed or otherwise bound by professional rules of conduct to keep such information confidential, (3) to any Affected Parties, (4) as may be requested or required pursuant to Applicable Laws by any Governmental Authority (including Internal Revenue Service auditors or state taxing and regulatory authorities), (5) to the extent required in connection with the performance by it of its obligations and the exercise by it of its rights under the Operative Documents, (6) to any nationally recognized rating agency that requires access to information about such Person's investment portfolio, (7) in response to any subpoena or other legal process or in connection with any litigation to which such Person is a party (provided that prior notice shall have been provided to the non-disclosing parties), (8) to the extent, but only to the extent, that prior to such disclosure, such information is in the public domain or has been provided to such party by a Person not a party to this Lease (other than by reason of a breach by such Person of the confidentiality provisions hereof or as expressly contemplated hereby), or (9) with the prior written consent of each other party hereto (which consent shall not be unreasonably withheld).

31.15 Direct Beneficiaries. With respect to any representation, warranty, covenant, indemnity or other agreement made to or for the benefit of Lessor, each Affected Party shall be deemed direct beneficiaries of any such representation, warranty, covenant, indemnity or agreement and all rights relating thereto shall inure to the benefit of their respective permitted successors and assigns.

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IN WITNESS WHEREOF, the parties have caused this Master Lease and Security Agreement to be duly executed and delivered as of the date first above written.

GENERAL ELECTRIC CAPITAL CORPORATION,
FOR ITSELF AND AS AGENT FOR CERTAIN
PARTICIPANTS
as Lessor

By: _____
Name: _____
Title: _____

ENTERGY ARKANSAS, INC.
as Lessee

By: Steven C. McNeal
Name: Steven C. McNeal
Title: Vice President and Treasurer

Receipt of this original counterpart is hereby acknowledged as of the 23rd day of December, 2002.

GENERAL ELECTRIC CAPITAL CORPORATION,
FOR ITSELF AND AS AGENT FOR CERTAIN
PARTICIPANTS

By: _____
Name: _____
Title: _____

Counterpart No. 5 of 10 serially numbered manually executed counterparts. To the extent, if any, that this document constitutes chattel paper under the Uniform Commercial Code, no security interest in or sale of the lease created hereby may be created or perfected through the transfer and possession of any counterpart, other than the original counterpart containing the receipt therefor executed by Lessor.

IN WITNESS WHEREOF, the parties have caused this Master Lease and Security Agreement to be duly executed and delivered as of the date first above written.

GENERAL ELECTRIC CAPITAL CORPORATION,
FOR ITSELF AND AS AGENT FOR CERTAIN
PARTICIPANTS
as Lessor

By: *Walter R. Schmitz*
Name: WALTER R. SCHMITZ
Title: VP

ENTERGY ARKANSAS, INC.
as Lessee

By: _____
Name: _____
Title: _____

Receipt of this original counterpart is hereby acknowledged as of the 23rd day of December, 2002.

GENERAL ELECTRIC CAPITAL CORPORATION,
FOR ITSELF AND AS AGENT FOR CERTAIN
PARTICIPANTS

By: _____
Name: _____
Title: _____

Counterpart No. 5 of 10 serially numbered manually executed counterparts. To the extent, if any, that this document constitutes chattel paper under the Uniform Commercial Code, no security interest in or sale of the lease created hereby may be created or perfected through the transfer and possession of any counterpart, other than the original counterpart containing the receipt therefor executed by Lessor.

SCHEDULE A
TO MASTER LEASE AND SECURITY AGREEMENT

Notice Information

If to the Lessor, to:
General Electric Capital Corporation, for
Itself and as Agent for Certain Participants
401 Merritt Seven
Suite 23
Norwalk, Connecticut 06851-1177
Attention: Legal Department
Telephone: 203-229-1923
Fax: 203-229-1991

If to the Lessee, to:

Entergy Arkansas, Inc.
425 West Capitol Avenue
Little Rock, Arkansas 72201
Attention: President

with a copy to:

Entergy Arkansas, Inc.
639 Loyola Avenue
New Orleans, Louisiana 70113
Attention: Treasurer
Telephone: 504-576-4363
Fax: 504-576-4455

SCHEDULE B
TO MASTER LEASE AND SECURITY AGREEMENT

Initial Permitted Assets

2,207 aluminum-sided rotary dump gondola railcars, each with a 4,480 cubic foot capacity (level), manufactured by Johnstown America Corporation and delivered in 1995

<u>Road Number</u>	<u>Number of Units</u>	<u>Road Number</u>	<u>Number of Units</u>
ETRX 750001 - 750039	39	750041 - 750061	21
750063 - 750078	16	750080 - 750089	10
750091 - 750095	5	750097 - 750119	23
750121 - 750175	55	750177 - 750231	55
750233 - 750310	78	750312 - 750326	15
750328 - 750407	80	750409 - 750437	29
750439 - 750457	19	750460 - 750520	61
750522 - 750523	2	750525 - 750553	29
750555 - 750624	70	750632 - 750658	27
750660 - 750663	4	750665	1
750667	1	750669 - 750731	63
750733 - 750755	23	750757 - 750860	104
750862 - 750873	12	750875 - 750907	33
750909 - 750952	44	750954	1
750956 - 750970	15	750972 - 750991	20
750993 - 751008	16	751010 - 751045	36
751047 - 751080	34	751082 - 751103	22
751105 - 751118	14	751120 - 751123	4
751125 - 751207	83	751209 - 751224	16
751226 - 751237	12	751239 - 751267	29
751269 - 751308	40	751310 - 751333	24
751335 - 751343	9	751345 - 751437	93
751439 - 751440	2	TOTAL:	1389 Cars

<u>Road Number</u>	<u>Number of Units</u>	<u>Road Number</u>	<u>Number of Units</u>
ETRX 850001 - 850007	7	850009 - 850044	36
850046 - 850058	13	850060 - 850062	3
850064 - 850074	11	850076	1
850078 - 850131	54	850133 - 850144	12
850146 - 850170	25	850172	1
850174 - 850178	5	850180 - 850189	10
850191 - 850274	84	850276 - 850381	106
850383 - 850387	5	850389 - 850434	46
850436 - 850439	4	850441 - 850448	8
850450 - 850496	47	850498 - 850522	25
850524 - 850554	31	850556 - 850622	67
850624	1	850626 - 850655	30
850657 - 850728	72	850730 - 850731	2
850733 -	1	850735 - 850810	76
850812 - 850821	10	850823 - 850844	22
850847 - 850849	3	TOTAL:	818 Cars

273 aluminum-sided rotary dump gondola rail cars, each with a 4,520 cubic foot capacity (level), manufactured by Johnstown America Corporation and delivered in 2002.

<u>Road Number</u>	<u>Number of Units</u>
ETRX 851001 - 851273	273

EXHIBIT NO. 1
TO MASTER LEASE AND SECURITY AGREEMENT

FORM OF FUNDING REQUEST

FUNDING REQUEST

TO: General Electric Capital Corporation, for Itself and as Agent for Certain Participants

This Funding Request is delivered to you pursuant to Section 3.2 of the Master Lease and Security Agreement, dated as of December 23, 2002 (the "Lease"), between General Electric Capital Corporation, for Itself and as Agent for Certain Participants, as lessor (the "Lessor"), and Entergy Arkansas, Inc., as lessee (the "Lessee"). Capitalized terms used but not otherwise defined herein have the respective meanings specified in Appendix 1 to the Lease, and the rules of interpretation set forth in Appendix 1 to the Lease shall apply to this Funding Request.

The Lessee hereby notifies the Lessor in connection with the acquisition of the Leased Asset identified on Schedule A hereto that:

- (i) the Lessee requests a Funding on _____, 200__ (the "Funding Date");
- (ii) the amount of such Funding is \$ _____;
- (iii) the Funding will be allocated to such Leased Asset as set forth on Schedule A hereto; and
- (iv) the following information is set forth on Schedule A hereto: (1) a description of such Leased Asset, and (2) the transferor of such Leased Asset.

In connection with such Funding, the Lessee hereby represents, warrants and certifies to you as follows:

(a) All information provided by the Lessee to the appraiser in connection with the appraiser's preparation of the Appraisal with respect to such Leased Asset is accurate and complete in all material respects.

(b) All taxes, assessments, fees and other charges in connection with the acquisition of such Leased Asset and the execution, delivery, recording, filing and registration of the Operative Documents relating thereto have been paid or provisions for such payment have been made.

(c) All Governmental Actions necessary in connection with the acquisition of such Leased Asset by the Lessor have been obtained or made and are in full force and effect.

(d) On the Funding Date, all conditions precedent to such Funding set forth in Article IV of the Lease will have been satisfied or waived in writing by the Lessor.

Lessor is hereby authorized and directed to pay the Funding Amount as follows: [INSERT PAYMENT INSTRUCTIONS]

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The Lessee has caused this Funding Request to be executed and delivered by its duly authorized Responsible Employee as of this _____ day of _____, 200_.

ENTERGY ARKANSAS, INC.

By: _____
Name: _____
Title: _____

SCHEDULE A TO FUNDING REQUEST

ALLOCATION OF FUNDING

Leased Asset Description	Lease Supplement No.	Acquisition Cost
_____	No. __	\$ _____

INFORMATION REQUIRED
FOR FUNDING ACQUISITION OF LEASED ASSET

1. Description of the Leased Asset: _____.
2. The transferor of the Leased Asset is: _____.

EXHIBIT NO. 2
TO MASTER LEASE AND SECURITY AGREEMENT

FORM OF LESSEE'S CERTIFICATE

LESSEE'S CERTIFICATE

This Certificate is being delivered pursuant to the Master Lease and Security Agreement, dated as of December 23, 2002 (the "Lease"), between General Electric Capital Corporation, for Itself and as Agent for Certain Participants, as Lessor, and Entergy Arkansas, Inc., as Lessee. Capitalized terms used but not otherwise defined herein have the respective meanings specified in Appendix 1 to the Lease, and the rules of the interpretation set forth in Appendix 1 to the Lease shall apply to this Certificate.

The undersigned certifies as follows:

1. Each and every representation and warranty of the Lessee contained in the Lease or any other Operative Document to which it is party is true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties relate solely to an earlier date, in which case such representations and warranties were true and correct on and as of such earlier date.
2. No Default or Event of Default has occurred and is continuing.
3. Each Operative Document to which the Lessee is a party is in full force and effect with respect to the Lessee.

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IN WITNESS WHEREOF, the undersigned has executed this Certificate as of this _____
day of _____, 200__.

ENERGY ARKANSAS, INC.

By: _____
Name: _____
Title: _____

EXHIBIT NO. 3
TO MASTER LEASE AND SECURITY AGREEMENT
FORM OF LEASE SUPPLEMENT FOR EQUIPMENT

LEASE SUPPLEMENT NO. __

This Lease Supplement No. __ (this "Lease Supplement") is delivered pursuant to the Master Lease and Security Agreement dated as of December 23, 2002 (the "Lease"), between General Electric Capital Corporation, for itself and as Agent for Certain Participants, as Lessor, and Entergy Arkansas, Inc., as Lessee. Capitalized terms not otherwise defined herein are used herein as defined in Appendix 1 to the Lease.

1. The Leased Assets to which this Lease Supplement relates are described on Annex A attached hereto and made a part hereof.
2. The financial terms of this Lease Supplement are specified on Annex D attached hereto and made a part hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Lessee and Lessor have caused this Lease Supplement to be executed by their duly authorized representatives as of the date first above written.

LESSOR:

LESSEE:

GENERAL ELECTRIC CAPITAL CORPORATION, ENTERGY ARKANSAS, INC.
FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Receipt of this original counterpart is hereby acknowledged on this ____ day of _____, 200__.

GENERAL ELECTRIC CAPITAL CORPORATION, FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS

By: _____
Name: _____
Title: _____

Counterpart No. ____ of 10 serially numbered manually executed counterparts. To the extent, if any, that this document constitutes chattel paper under the Uniform Commercial Code, no security interest in or sale of the lease created hereby may be created or perfected through the transfer and possession of any counterpart, other than the original counterpart containing the receipt therefor executed by Lessor.

ANNEX A
TO
LEASE SUPPLEMENT NO. _____
DATED THIS ____ DAY OF _____, 200__
TO MASTER LEASE AND SECURITY AGREEMENT DATED AS OF DECEMBER 23, 2002

DESCRIPTION OF EQUIPMENT

Acquisition Cost per Unit: \$ _____

2,207 aluminum-sided rotary dump gondola railcars, each with a 4,480 cubic foot capacity (level), manufactured by Johnstown America Corporation and delivered in 1995

<u>Road Number</u>	<u>Number of Units</u>	<u>Road Number</u>	<u>Number of Units</u>
ETRX 750001 - 750039	39	750041 - 750061	21
750063 - 750078	16	750080 - 750089	10
750091 - 750095	5	750097 - 750119	23
750121 - 750175	55	750177 - 750231	55
750233 - 750310	78	750312 - 750326	15
750328 - 750407	80	750409 - 750437	29
750439 - 750457	19	750460 - 750520	61
750522 - 750523	2	750525 - 750553	29
750555 - 750624	70	750632 - 750658	27
750660 - 750663	4	750665	1
750667	1	750669 - 750731	63
750733 - 750755	23	750757 - 750860	104
750862 - 750873	12	750875 - 750907	33
750909 - 750952	44	750954	1
750956 - 750970	15	750972 - 750991	20
750993 - 751008	16	751010 - 751045	36
751047 - 751080	34	751082 - 751103	22
751105 - 751118	14	751120 - 751123	4
751125 - 751207	83	751209 - 751224	16
751226 - 751237	12	751239 - 751267	29
751269 - 751308	40	751310 - 751333	24
751335 - 751343	9	751345 - 751437	93
751439 - 751440	2	TOTAL:	1389 Cars

<u>Road Number</u>	<u>Number of Units</u>	<u>Road Number</u>	<u>Number of Units</u>
ETRX 850001 - 850007	7	850009 - 850044	36
850046 - 850058	13	850060 - 850062	3
850064 - 850074	11	850076	1
850078 - 850131	54	850133 - 850144	12
850146 - 850170	25	850172	1
850174 - 850178	5	850180 - 850189	10
850191 - 850274	84	850276 - 850381	106
850383 - 850387	5	850389 - 850434	46
850436 - 850439	4	850441 - 850448	8
850450 - 850496	47	850498 - 850522	25
850524 - 850554	31	850556 - 850622	67

850624	1	850626 - 850655	30
850657 - 850728	72	850730 - 850731	2
850733 -	1	850735 - 850810	76
850812 - 850821	10	850823 - 850844	22
850847 - 850849	3	TOTAL:	818 Cars

273 aluminum-sided rotary dump gondola rail cars, each with a 4,480 cubic foot capacity (level), manufactured by Johnstown America Corporation and delivered in 2002.

<u>Road Number</u>	<u>Number of Units</u>
ETRX 851001 - 851273	273

ANNEX B
TO
LEASE SUPPLEMENT NO. _____
DATED THIS _____ DAY OF _____, 200__
TO MASTER LEASE AND SECURITY AGREEMENT DATED AS OF DECEMBER 23, 2002

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS: ENTERGY ARKANSAS, INC. ("Seller"), for and in consideration of the sum of One Dollar (\$1) and other good and valuable consideration, provided by GENERAL ELECTRIC CAPITAL CORPORATION, FOR ITSELF AND AS AGENT FOR CERTAIN PARTICIPANTS ("Buyer"), with offices at 401 Merritt Seven, Suite 23, Norwalk, Connecticut 06851-1177, the receipt of which is hereby acknowledged, does hereby sell, assign, transfer, set over and convey to Buyer the railcars (the "Equipment") leased under Lease Supplement No. _____ dated as of _____, 200__, between Seller and Buyer, executed pursuant to the Master Lease and Security Agreement dated as of December 23, 2002, between Seller and Buyer.

Buyer and Seller agree and acknowledge that the sale and conveyance contemplated hereby is solely for the purpose of granting to Buyer a security interest in the Equipment. All Equipment in which an interest is conveyed hereby shall remain in the possession of Seller pursuant to the Lease.

Buyer is purchasing the Equipment described above in reliance upon its personal inspection and knowledge of the Equipment and in an "AS-IS, WHERE-IS", condition.

SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE EXCEPT THAT (1) SELLER HAS GOOD TITLE TO THE EQUIPMENT, FREE AND CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES, (2) BUYER WILL ACQUIRE ITS INTEREST IN THE EQUIPMENT FREE FROM ALL LIENS, CLAIMS AND ENCUMBRANCES, AND (3) SELLER HAS THE RIGHT TO SELL AND CONVEY THE EQUIPMENT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, SELLER MAKES NO WARRANTIES WITH RESPECT TO THE QUALITY, CONTENT, CONDITION, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE EQUIPMENT AND NO WARRANTIES AGAINST PATENT INFRINGEMENT OR THE LIKE.

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IN WITNESS WHEREOF, Buyer and Seller have executed this Bill of Sale this _____ day of _____, 200__.

BUYER:

GENERAL ELECTRIC CAPITAL
CORPORATION, FOR ITSELF AND AS
AGENT FOR CERTAIN PARTICIPANTS

SELLER:

ENTERGY ARKANSAS, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ANNEX C
TO
LEASE SUPPLEMENT NO. _____
DATED THIS ____ DAY OF _____, 200__
TO MASTER LEASE AND SECURITY AGREEMENT DATED AS OF DECEMBER 23, 2002

CERTIFICATE OF ACCEPTANCE

To: General Electric Capital Corporation,
for Itself and as Agent for Certain Participants

Pursuant to the provisions of the above Lease Supplement and Master Lease and Security Agreement (collectively, the "Lease"), Lessee hereby certifies and warrants that (a) all Equipment listed in Annex A to the Lease Supplement is in good condition and appearance, and in working order; and (b) Lessee accepts the Equipment for all purposes of the Lease and all attendant documents.

Lessee does further certify that as of the date hereof (i) no Default or Event of Default has occurred and is continuing under the Lease; and (ii) the representations and warranties made by Lessee pursuant to or under the Lease are true and correct on the date hereof, except to the extent such representations and warranties relate solely to an earlier date, in which case such representations and warranties were true and correct on and as of such earlier date.

Lessee's Authorized Representative

Dated: _____, 200__

ANNEX D
TO
LEASE SUPPLEMENT NO. _____
DATED THIS _____ DAY OF _____, 200_____
TO MASTER LEASE AND SECURITY AGREEMENT DATED AS OF DECEMBER 23, 2002

FINANCIAL TERMS: The financial terms applicable with respect to this Lease Supplement are as follows:

1. Acquisition Cost: \$ _____.
2. Base Term: twenty (20) quarters after _____, 200____; or, with respect to each subsequently executed Lease Supplement, the then unexpired portion of the Base Term with respect to the first Lease Supplement.
3. Expiration Date: _____, 200____.
4. Maximum Lease Term: seven (7) years.
5. Lease Balance: \$ _____ (provided, however, that the Lease Balance shall be adjusted in accordance with the provisions of Section 17.1(e) of the Lease, and shall be reduced from time to time by the amount of each Principal Component actually paid by Lessee hereunder; provided, further that the Lease Balance shall not be reduced solely as a result of a rejection of the Lease in the event of the bankruptcy of Lessee).
6. Lessee Federal Employer Identification Number: 71-0005900.
7. Lessee's "location" (as such term is used in Article 9 of the UCC): Arkansas.

RENT: The Rent applicable with respect to this Lease Supplement is as follows:

Commencing on the fifth Business Day after the initial Rent Payment Period, and on the fifth Business Day after each successive Rent Payment Period (or, in the case of the final Rent Payment Period, on the last day of the final Rent Payment Period) during the Term (each, a "**Rent Payment Date**"), Lessee shall pay as rent ("**Base Rent**") quarterly installments of principal and interest, in arrears, in the amount of the sum of the Principal Component and the Interest Component. As used herein, "**Rent Payment Period**" shall mean the period from and including the date on which Lessee executes the Certificate of Acceptance with respect to the Equipment described on this Lease Supplement, to but excluding _____, 200____, and the period from and including the _____ day of each successive third calendar month thereafter through but excluding the _____ day of the next succeeding third calendar month thereafter (provided, however, that the final Rent Payment Period shall commence on (and include) the last day of the Rent Payment Period immediately preceding the final Rent Payment Period and end on (but exclude) the final Rent Payment Date). As used herein, "**Principal Component**" as to any Rent Payment Date shall mean the amount specified on Exhibit No. 2 to this Annex D. As used herein, "**Interest Component**" as to any Rent Payment Date shall mean the sum, for each day in the related Rent Payment Period, of the product of the Base Interest Rate or Adjusted Base Interest Rate, as applicable (determined pursuant to Exhibit No. 1 to this Annex D), for such day, times the Lease Balance as of the immediately preceding Rent Payment Date. The Rent may not be prepaid.

LEASE BALANCE AND GUARANTEED RISK PERCENTAGE: The Lease Balance and Guaranteed Risk Percentage with respect to the Leased Assets described on this Lease Supplement are as follows:

<u>End of Month</u>	<u>Lease Balance</u>	<u>Guaranteed Risk Percentage</u>
---------------------	----------------------	---------------------------------------

expressed as a percent of the Acquisition Cost of the Leased Assets.

EXHIBIT NO. 1 TO ANNEX D

Base Interest Rate = _____ % per annum (30/360 basis).

EXHIBIT NO. 2 TO ANNEX D

Rent Payment Date

Principal Component

EXHIBIT NO. 4
TO MASTER LEASE AND SECURITY AGREEMENT

FORM OF LETTER OF CREDIT

(Bank Letterhead Stationery)

General Electric Capital Corporation,
for Itself and as Agent for Certain Participants
401 Merritt Seven
Suite 23
Norwalk, Connecticut 06851-1177

Re: Irrevocable Letter of Credit No. _____
For U.S. \$ _____, Dated _____, _____

Gentlemen:

We hereby issue our irrevocable Letter of Credit No. _____ in favor of General Electric Capital Corporation, for Itself and as Agent for Certain Participants ("Lessor"), for the account of Entergy Arkansas, Inc. ("Customer").

We undertake to honor from time to time your draft or drafts at sight on us not exceeding in the aggregate _____ U.S. Dollars (U.S. \$ _____). All drafts hereunder must be marked "Drawn under Irrevocable Letter of Credit No. _____, dated _____", and must be accompanied by a typewritten signed statement from Lessor stating that (i) an Event of Default (as defined therein) has occurred under that certain Master Lease and Security Agreement dated as of December 23, 2002 (the "Agreement"), between Lessor and Customer, or (ii) an event described in Section 18.1(f) or (g) of the Agreement has occurred.

Presentation of drafts drawn hereunder, together with the required statement, may be made at any time on or before the expiry date hereof at our offices located at _____. Presentation on or before noon of any day other than a Saturday, Sunday or other day on which all commercial banks in New York City, New York are authorized or required to be closed ("Banking Day") shall result in payment to Lessor on the same date. Drafts presented after noon or on any day other than a Banking Day, shall result in payment to Lessor on the next Banking Day. Payment shall be made in immediately available funds. If requested by Lessor, payment will be made by wire transfer to an account designated by Lessor in a bank in the Federal Reserve wire system.

This Letter of Credit is valid through and including _____, _____; provided, however, that this Letter of Credit will be automatically extended without amendment for one (1) year from the present and future expiry date hereof, unless we elect not to renew this Letter of Credit and deliver to Lessor written notice of such election at least sixty (60) days prior to any such expiry date. Any such notice shall be in writing and shall be delivered by hand with receipt acknowledged, or by certified mail (return receipt requested), to General Electric Capital Corporation, 401 Merritt Seven, Suite 23, Norwalk, Connecticut 06851-1177, Attention: Legal (or to such other address or addresses for any such notices which Lessor may hereafter specify in a written notice delivered to the undersigned).

You may make multiple draws under this Letter of Credit at any time for less than the full stated amount of this Letter of Credit, provided that the aggregate amount drawn and honored by us shall not exceed the stated amount of this Letter of Credit.

This Letter of Credit is transferable as instructed in writing by the beneficiary hereof, without charge to the beneficiary or transferee. Upon any such transfer, the term "Lessor" shall be deemed to mean the transferee.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (ICC No. 500).

All of the terms and conditions of this Letter of Credit are contained herein. Except as otherwise expressly set forth herein, there are no conditions to this Letter of Credit.

Very truly yours,

By: _____

Name: _____

Title: _____

APPENDIX I
TO MASTER LEASE AND SECURITY AGREEMENT

DEFINITIONS AND INTERPRETATION

A. Interpretation. In each Operative Document, unless a clear contrary intention appears:

- (i) the singular number includes the plural number and vice versa;
- (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by the Operative Documents, and, unless otherwise provided or the context otherwise requires, reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (iii) reference to any gender includes each other gender;
- (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of the other Operative Documents and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor;
- (v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;
- (vi) reference in any Operative Document to any Article, Section, Appendix, Schedule or Exhibit means such Article or Section thereof or Appendix, Schedule or Exhibit thereto;
- (vii) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to an Operative Document as a whole and not to any particular Article, Section or other provision thereof;
- (viii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (ix) "or" is not exclusive; and
- (x) relative to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding".

B. Accounting Terms. In each Operative Document, unless expressly otherwise provided, accounting terms shall be construed and interpreted, and accounting determinations and computations shall be made, in accordance with GAAP (as defined herein).

C. Conflict in Operative Documents. If there is any conflict between any Operative Documents, such Operative Document shall be interpreted and construed, if possible, so as to avoid or minimize such conflict but, to the extent (and only to the extent) of such conflict, the Lease shall prevail and control.

D. Legal Representation of the Parties. The Operative Documents were negotiated by the parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring any Operative Document to be construed or interpreted against the party drafting such Operative Document shall not apply to any construction or interpretation hereof or thereof.

E. Defined Terms. Unless a clear contrary intention appears, terms defined herein have the respective indicated meanings when used in each Operative Document. Each reference herein to a specified section shall be deemed to be a reference to a section of the Lease.

"Acquisition Cost" means, with respect to any Equipment, the amount of the Funding with respect to such Equipment for the purpose of acquiring title to such Equipment and paying Transaction Expenses relating to such acquisition.

"Acquisition Date" means, with respect to any Equipment, the Funding Date on which the Lessor acquires title to, or a leasehold interest in, such Equipment (or portion thereof).

"Additional Costs" shall have the meaning given such term in Section 29.4(b).

"Additional Payment Date" means the last day of each Payment Period which does not end on a Rent Payment Date and the Expiration Date for each Leased Asset.

"Adjusted Base Interest Rate" means, on any day, the amount per annum set forth in the table below under the heading "Adjusted Base Interest Rate" corresponding to the Adjusted Credit Rating of the Lessee on such day:

<u>Adjusted Credit Rating of the Lessee</u>	<u>Adjusted Base Interest Rate</u>
1	Base Interest Rate plus 175 basis points
2	Base Interest Rate plus 200 basis points

"Adjusted Credit Rating" shall mean, on any day, the number set forth in the table corresponding to the rating assigned by S&P and Moody's to the senior unsecured and noncredit enhanced long-term debt securities of the Lessee on such day:

S&P/Moody's Rating	Adjusted Credit Rating Number
equal to or higher than BB+ by S&P and Ba2 or higher by Moody's; or equal to or higher than Ba1 by Moody's and BB by S&P	1
ratings do not meet the criteria for adjusted Credit Rating Number 1	2

"Affected Party" means each of the following Persons: Lessor, each Participant, each assignee of all or part of Lessor's or Participant's interest herein (including through a collateral assignment) after notice thereof to Lessee, and to the extent any such assignee is a CP Conduit, each of its Program Support Providers, and each Affiliate of the foregoing Persons.

"Affiliate" means, when used with respect to any Person, (a) any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such Person, (b) each Person that directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the stock having ordinary voting power in the election of the directors of such Person, or (c) each of such Person's officers, directors, joint venturers and partners.

"After Tax Basis" means, with respect to any payment to be received, the amount of such payment increased so that, after subtracting the amount of any taxes required to be paid by the recipient with respect to the receipt by the recipient of such payment (after taking into account any deduction to which the recipient is entitled with respect to such payment), such payment (as so reduced) is equal to the payment otherwise required to be made.

"Alteration" means Required Alteration and Optional Alteration.

"Applicable Law" means all existing and future applicable laws, rules, regulations, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by, any Governmental Authority (including Environmental Laws), and applicable judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

"Appraisal" means, with respect to any Equipment, an appraisal, prepared by a reputable appraiser selected by the Lessor, of such Equipment which, solely in the case of the Appraisal delivered on or prior to the Acquisition Date for such Equipment, appraises the Fair Market Sales Value of such

Equipment (a) as of the Acquisition Date for such Equipment, and (b) as of the fifth, sixth and seventh anniversaries of the Lease.

"Available Commitment" means, at any time, an amount equal to the excess, if any, of (i) the amount of the Total Commitment, over (ii) the aggregate principal amount of all Fundings made or deemed made prior to such time.

"Bankruptcy Event" means any Event of Default under Section 18.1(f) or (g).

"Base Interest Rate" shall have the meaning given such term in Exhibit No. 1 to Annex D to the Lease Supplement.

"Base Rent" shall have the meaning given such term in Annex D to the Lease Supplement.

"Board" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Breakage Costs" shall have the meaning given such term in Section 29.3.

"Business Day" means each day which is not a day on which banks in New York, Arkansas or London are generally authorized or obligated, by law or executive order, to close.

"Casualty" means any loss, theft, damage or destruction of all or any portion of an Item of Equipment.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986.

"Certifying Party" is defined in Section 25.1.

"Change of Control" shall mean Entergy Corporation no longer beneficially owns on a fully-diluted combined basis directly or indirectly more than fifty percent (50%) of the total Voting Power of the Voting Stock of Lessee.

"Claims" means any and all obligations, liabilities, losses, actions, suits, judgments, penalties, fines, claims, demands, settlements, fees, costs and expenses (including reasonable legal fees and expenses) of any nature whatsoever.

"Closing Date" is defined in Section 4.1 of the Lease.

"Code" means the Internal Revenue Code of 1986, as now or hereafter amended.

"Collateral Account" has the meaning given to that term in the Security and Intercreditor Agreement.

"Combined Rating" means, as of the date of determination, the rating obtained by finding the point in the grid below where the S&P senior unsecured rating intersects with Moody's senior unsecured rating:

		Moody's Senior Unsecured Debt Rating																	
		Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa	n/a*
S & P Senior Unsecured Debt Rating	AAA	AAA	AAA	AA+	AA	AA	AA-	AA-	A+	A+	A	A	A-	A-	BBB+	BBB+	BBB	BBB	AAA
	AA+	AAA	AA+	AA+	AA	AA-	AA-	A+	A+	A	A	A-	A-	BBB+	BBB+	BBB	BBB	BBB	AA+
	AA	AA+	AA+	AA	AA	AA-	A+	A+	A	A-	A-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BB+	AA-
	AA-	AA	AA	AA	AA-	AA-	A+	A	A	A-	A-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BB+	A+
	A+	AA	AA-	AA-	AA-	A+	A+	A	A-	A-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BB+	BB+	A
	A	AA-	AA-	A+	A+	A+	A	A	A-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BB+	BB+	BB	A-
	A-	AA-	A+	A+	A	A	A	A-	A-	BBB+	BBB	BBB	BBB-	BBB-	BB+	BB+	BB	BB	A-
	BBB+	A+	A+	A	A	A-	A-	A-	BBB+	BBB+	BBB	BBB-	BBB-	BB+	BB+	BB	BB	BB	BBB+
	BBB	A+	A	A	A-	A-	BBB+	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BB+	BB+	BB	BB	BB-	BBB
	BBB-	A	A	A-	A-	BBB+	BBB+	BBB	BBB-	BBB-	BBB-	BBB-	BB+	BB+	BB	BB-	BB-	B+	BBB-
	BB+	A	A-	A-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BBB-	BBB-	BB+	BB+	BB	BB-	BB-	B+	BB+
	BB	A-	A-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BBB+	BBB+	BBB	BBB	BBB	BB-	BB-	B+	B+	BB
	BB-	A-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BBB-	BBB+	BBB+	BBB	BBB	BBB	BB-	BB-	B+	B	BB-
	B+	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BB-	B+	B+	B	B	B-
	B	BBB+	BBB	BBB	BBB-	BBB-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BB-	B+	B+	B	B	B-	B-
	B-	BBB	BBB	BBB-	BBB-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	B+	B+	B	B	B	B-	B-	B-
	CCC+	BBB	BBB-	BBB-	BBB+	BBB+	BBB	BBB	BBB-	BBB-	B+	B+	B	B	B-	B-	B-	CCC+	CCC+
	n/a*	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BBB+	BBB	BBB-	B+	B	B-	CCC+	n/a

* n/a means non available, withdrawn, suspended or terminated.

"Commercial Paper" means those certain short-term promissory notes issued by a CP Conduit denominated in Dollars or other currencies issued and sold from time to time in the United States of America or in other jurisdictions.

"Commitment Termination Date" means December 31, 2002.

"Competitor" means any Person which competes in a direct, significant or material way with Lessee in the electric utility or electric generation business (other than Lessor and its Affiliates).

"Condemnation" means any condemnation, requisition, confiscation, seizure or other taking or sale of the use, access, occupancy, easement rights or title to any Item of Equipment or any part thereof, wholly or partially (temporarily or permanently), by or on account of any actual or threatened eminent domain proceeding or other taking of action by any Person having the power of eminent domain. A "Condemnation" shall be deemed to have occurred on the earliest of the dates that use or title vests in the condemning authority.

"Control" means (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, the possession directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"CP Conduit" means any special purpose entity which issues Commercial Paper and/or, as the context may require, any Affiliate thereof that borrows from such special purpose entity.

"Default" means any event or condition which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default.

"Default Rate" shall mean the Base Interest Rate (or Adjusted Base Interest Rate, as applicable) plus 200 basis points.

"Disclosure Documents" means the Lessee's (i) Annual Report on Form 10-K for the year ended December 31, 2001, and (ii) Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002, June 30, 2002, and September 30, 2002.

"Dollars" and "\$" mean dollars in lawful currency of the United States of America.

"Engineer" means, with respect to any Leased Asset, any Person having expertise with such Leased Asset and who is otherwise acceptable to the Lessor.

"Environmental Law" means, whenever enacted or promulgated, any applicable Federal, state, county or local law, rule, regulation, code, ordinance, license, permit, authorization, approval, covenant, criteria, guideline, administrative or court order, judgment, decree, injunction or requirement or any agreement with a Governmental Authority:

(a) relating to pollution (or the cleanup, removal, remediation or encapsulation thereof, or any other response thereto), or the regulation or protection of human health, safety or the environment, including air, water, vapor, surface water, groundwater, drinking water, land (including surface or subsurface), plant, aquatic and animal life, or

(b) concerning exposure to, or the use, containment, storage, recycling, treatment, generation, discharge, emission, Release or threatened Release, transportation, processing, handling, labeling, containment, production, disposal or remediation of any Hazardous Substance, Hazardous Condition or Hazardous Activity,

in each case as amended and as now or hereafter in effect, and any common law or equitable doctrine (including injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations for injuries (whether personal or property) or damages due to or threatened as a result of the presence of, exposure to, or ingestion of, any Hazardous Substance, whether such common law or equitable doctrine is now or hereafter recognized or developed. Applicable laws include, but are not limited to, CERCLA; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the National Environmental Policy Act, 42 U.S.C. § 4321; the Refuse Act, 33 U.S.C. §§ 401 et seq.; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. §§ 1801-1812; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., each as amended and as now or hereafter in effect, and their state and local counterparts or equivalents, including any regulations promulgated thereunder.

"Environmental Violation" means any activity, occurrence or condition that violates or results in non-compliance with any Environmental Law in any material respect.

"Equipment" means any railcar made subject to the Lease pursuant to the execution and delivery of a Lease Supplement, as such railcars are described in Annex A thereto; provided that all Equipment included in a particular Lease Supplement shall constitute a single Leased Asset.

"Equipment Documents" means the disclosure materials related to the description and specifications of the Equipment, as may be amended or supplemented from time to time, provided to the Lessor and any Affected Party by the Lessee, and identified as such by the parties hereto on the Closing Date.

"Entergy Corporation" means Entergy Corporation, a Delaware corporation.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is under common control within the meaning of the regulations under Section 414(b) or (c) of the Code.

"ERISA Event" means (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC; (ii) the provision by the administrator of any Plan of notice of intent to terminate such Plan, pursuant to Section 4041(a) (2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (iii) the cessation of operations at a facility resulting in the termination of employment of more than 20% of the total number of participants in a Plan; (iv) the withdrawal by the Lessee or an ERISA Affiliate of the Lessee from a Multiemployer Plan during any plan year for which material liability may be incurred by the Lessee or such ERISA Affiliate as a result of the imposition of any withdrawal liability (within the meaning of Section 4201 of ERISA); (v) the failure by the Lessee or an ERISA Affiliate of the Lessee to make a payment to a Plan required under Section 302(f)(1) of ERISA, which failure results in the imposition of a Lien for failure to make required payments; (vi) the adoption of an amendment to a Plan requiring the provision of security to such Plan, pursuant to Section 307 of ERISA; or (vii) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

"Event of Default" is defined in Section 18.1.

"Excess Proceeds" means, with respect to any Item of Equipment, the excess, if any, of the aggregate of all awards, compensation or insurance proceeds payable in connection with a Casualty or Condemnation over the sum of the Lease Balance paid by the Lessee pursuant to Article XVII of the Lease with respect to such Casualty or Condemnation and all proceeds received by the Lessor in connection with any sale of such Item of Equipment pursuant to the Lessor's exercise of remedies under Section 18.2 of the Lease or the Lessee's exercise of the Remarketing Option under Article XXII of the Lease.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Expiration Date" means the later of (i) the expiration date specified in Annex D to the Lease Supplement, and (ii) the scheduled expiration of the then current Renewal Term, if any; provided that if a Leased Asset is purchased pursuant to Section 20.1 or 20.2 of the Lease or the Lease Balance therefor is paid pursuant to Section 18.2 of the Lease, then the Expiration Date for a Leased Asset shall be the date of such purchase or payment, as the case may be.

"Expiration Date" shall have the meaning given such term in Section 30.2(k)(4).

"Fair Market Sales Value" means, with respect to any Leased Asset or any portion thereof, the amounts, which in any event shall not be less than zero, that would be paid in cash in an arm's-length transaction between an informed and willing purchaser and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, for the ownership of such Leased Asset or portion thereof. The Fair Market Sales Value of the Leased Assets shall be determined based on the assumption that, except for purposes of Article XVIII of the Lease, the Leased Assets are in the condition

and state of repair required under Section 12.1 of the Lease and the Lessee is in compliance with the other requirements of the Operative Documents.

"Federal Funds Rate" shall mean for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such transactions received by Lessor or the agent for the applicable Program Support Providers, as applicable, from three Federal funds brokers of recognized standing selected by it.

"FERC" means the Federal Energy Regulatory Commission.

"Funding" means an advance of funds made or deemed made by the Lessor pursuant to Article III of the Lease.

"Funding Date" is defined in Section 3.2(a).

"Funding Request" means a funding request substantially in the form of Exhibit No. 1 to the Lease.

"GAAP" means generally accepted accounting principles, as recognized by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board, consistently applied and maintained on a consistent basis for the Lessee and its Subsidiaries throughout the period indicated and consistent with the prior financial practice of the Lessee and its Subsidiaries.

"Governmental Action" means all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, written interpretations, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, any Governmental Authority, or required by any Applicable Law, and shall include, without limitation, all environmental and operating permits and licenses that are required for the full use, occupancy, zoning and operation of any Leased Asset.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guaranteed Residual Value" means, with respect to each Leased Asset, at any time, an amount equal to the Lease Balance of such Leased Asset at such time, multiplied by the Guaranteed Risk Percentage for such Leased Asset.

"Guaranteed Risk Percentage" means, with respect to each Leased Asset, the guaranteed risk percentage for such Leased Asset set forth in Annex D to the Lease Supplement relating thereto, which percentage shall be determined by the Lessor (with the consent of the Lessee's accountants) in accordance with the "90%" test set forth in FASB No. 13.

"Hazardous Activity" means any activity, process, procedure or undertaking that directly or indirectly (i) produces, generates or creates any Hazardous Substance; (ii) causes or results in (or threatens to cause or result in) the Release of any Hazardous Substance into the environment (including air, water vapor, surface water, groundwater, drinking water, land (including surface or subsurface), plant, aquatic and animal life); (iii) involves the containment or storage of any Hazardous Substance; or

(iv) would be regulated as hazardous waste treatment, storage or disposal within the meaning of any Environmental Law.

"Hazardous Condition" means any condition that materially violates or threatens to materially violate, or that results in or threatens material noncompliance with, any Environmental Law.

"Hazardous Substance" means any of the following: (i) any petroleum or petroleum product, explosives, radioactive materials, asbestos, ureaformaldehyde, polychlorinated biphenyls, lead and radon gas; (ii) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste, or pollutant, in each case whether naturally occurring, man-made or the by-product of any process, that is toxic, harmful or hazardous to the environment or human health or safety, as defined under any Environmental Law; or (iii) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste or pollutant that would support the assertion of any claim under any Environmental Law, whether or not defined as hazardous as such under any Environmental Law.

"Impositions" means any and all Claims for Taxes which at any time may be levied, assessed or imposed upon or with respect to (a) any Leased Asset or any part thereof or interest therein, any Indemnitee by reason of a Leased Asset or the transactions contemplated by the Operative Documents, or the Lessee or any sublessee or user of any Leased Asset by reason of such sublease or use; (b) the financing, refinancing, demolition, construction, substitution, subleasing, assignment, control, condition, occupancy, servicing, maintenance, repair, ownership, possession, purchase, rental, lease, activity conducted on, delivery, insuring, use, operation, improvement, transfer, return or other disposition of such Leased Asset or any part thereof or interest therein; (c) indebtedness with respect to any Leased Asset or any part thereof or interest therein or transfer thereof; (d) the rentals, receipts or earnings arising from any Leased Asset or any part thereof or interest therein; (e) the Operative Documents or any payment made or accrued pursuant thereto; (f) the income or other proceeds received with respect to any Leased Asset or any part thereof or interest therein upon the sale or disposition thereof; (g) any contract relating to the construction, acquisition or delivery of any Equipment or any part thereof or interest therein; or (h) otherwise in connection with the transactions contemplated by the Operative Documents.

Notwithstanding anything in the first paragraph of this definition (except as provided in the final paragraph of this definition) the term "Imposition" shall not mean or include claims for:

(i) Taxes (other than Taxes that are, or are in the nature of, sales, use, rental, transfer or property taxes) that are imposed under (A) the Code and that are based upon or measured by net income (including taxes based on capital gains and minimum taxes), net worth or capital franchise and (B) by any state or local jurisdiction or taxing authority and that are based upon or measured by gross or net income or gross or net receipts from rental (including any minimum taxes, withholding taxes or taxes that are capital stock, franchise or doing business taxes; unless in the nature of sales, use, excise or transaction taxes), net worth or capital franchise, except that this clause (B) shall not apply to (and thus shall not exclude) any such Tax imposed on any Indemnitee by a state (or any local taxing authority thereof or therein) where a Leased Asset is located, possessed or used under the Lease unless such Indemnitee was subject to such Tax in such jurisdiction without regard to the transaction contemplated by the Operative Documents;

(ii) any Tax to the extent, but only to such extent, it relates to any act, event or omission that occurs, or relates to the period, after the termination of the Lease Term and the return of the Leased Assets to which such Imposition relates (but not any Tax or imposition that

relates to any period prior to the termination of the Lease Term with respect to such Leased Asset);

(iii) any Tax for so long as, but only for so long as, it is being contested in accordance with the provisions of Section 15.1 or 24.4 of the Lease, provided that the foregoing shall not limit the Lessee's obligation to advance to the relevant Indemnitee any expenses incurred by such Indemnitee in connection with such contest;

(iv) any Taxes imposed against or payable by an Indemnitee resulting from, or that would not have been imposed but for, the gross negligence or willful misconduct of such Indemnitee;

(v) Taxes imposed on or payable by an Indemnitee to the extent such Taxes would not have been imposed but for a breach by such Indemnitee or any Affiliate thereof of any of its representations, warranties or covenants set forth in the Operative Documents or in any written representation provided by such Indemnitee pursuant to Section 19.1(a)(2) of the Lease (unless such breach is caused by the Lessee's breach of its representations, warranties or covenants set forth in the Operative Documents);

(vi) Taxes which are included in Acquisition Cost;

(vii) Taxes that would have been imposed in the absence of the transactions contemplated by the Operative Documents and Taxes imposed on or with respect to or payable as a result of activities of an Indemnitee or Affiliate thereof unrelated to the transactions contemplated by the Operative Documents;

(viii) any Taxes imposed upon an Indemnitee with respect to any sale, assignment, transfer or other disposition of any interest in (x) an Indemnitee or any Affiliate thereof, or (y) the Lease, the Rents, the Lease Supplement or any other Operative Document (other than, in the case of this clause (y), in connection with the exercise of rights or remedies following an Event of Default);

(ix) Taxes to the extent resulting from such Indemnitee's failure to comply with the provisions of Section 24.4 of the Lease, which failure precludes or materially adversely affects the Lessee's ability to conduct a contest pursuant to Section 24.4 of the Lease (unless such failure is caused by the Lessee's breach of its obligations);

(x) Taxes imposed on or with respect to or payable by an Indemnitee resulting from, or that would not have been imposed but for the existence of, any Lessor Lien created by or through such Indemnitee or an Affiliate thereof and not caused by acts or omissions of the Lessee, unless required to be removed by the Lessee;

(xi) any Tax imposed against or payable by an Indemnitee to the extent that the amount of such Tax exceeds the amount of such Tax that would have been imposed against or payable by such Indemnitee (or, if less, that would have been subject to indemnification under Section 24.3 of the Lease) if such Indemnitee were not a direct or indirect successor, transferee or assign of one of the original Indemnitees; provided, however, that this exclusion (xi) shall not apply if such direct or indirect successor, transferee or assign acquired its interest with the consent of the Lessee or as a result of a transfer while an Event of Default shall have occurred and is continuing; and

(xii) any Taxes imposed on an Indemnitee that are the result of such Indemnitee not being a "United States Person" as defined in Section 7701(a)(30) of the Code.

Notwithstanding the foregoing, the exclusion from the definition of Impositions set forth in clause (i) above shall not apply to any Taxes or any increase in Taxes (in either case, measured net of any Tax savings or reductions which an Indemnitee is able, through the use of reasonable mitigation efforts, actually to realize) imposed on an Indemnitee, to the extent that such Taxes would not have been imposed or such Tax increase would not have occurred if the Lessee were the owner of the Leased Assets and the Lessor had financed the Leased Assets by making loans directly to the Lessee.

"Indebtedness" means for any Person, without duplication, (i) all indebtedness or other obligations of such Person for borrowed money and all indebtedness of such Person with respect to any other items (other than income taxes payable, accounts payable, deferred taxes and deferred credits) which would, in accordance with GAAP, be classified as a liability on the balance sheet of such Person, (ii) all obligations of such Person to pay the deferred purchase price of property or services, (iii) all obligations of such Person (contingent or otherwise) under reimbursement or similar agreements with respect to the issuance of letters of credit, (iv) all indebtedness or other obligations of such Person under or in respect of any swap, cap, collar or other financial hedging arrangement, (v) all indebtedness or other obligations of any other Person of the type specified in clause (i), (ii), (iii) or (iv) above, the payment or collection of which such Person has guaranteed (except by reason of endorsement for collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, liable by way of agreement to purchase products or securities, to provide funds for payment, to maintain working capital or other balance sheet conditions or otherwise to assure a creditor against loss, and (vi) all indebtedness or other obligations of any other Person of the type specified in clause (i), (ii), (iii) or (iv) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or becomes liable for the payment of such indebtedness or obligations.

"Indemnitee" means the Lessor, each other Affected Party and each of their respective successors, assigns, directors, officers, employees, Affiliates and agents.

"Initial Letter of Credit" shall have the meaning given such term in Section 30.2(k)(4).

"Initial Permitted Assets" means the assets listed on Schedule B to the Lease.

"Insurance Requirements" means all terms and conditions of any insurance policy required by the Lease to be maintained by the Lessee, and all requirements of the issuer of any such policy.

"Interest Component" shall have the meaning given such term in Annex D to the Lease Supplement.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is a party or a beneficiary.

"Item of Equipment" or "Item" means, with respect to the Initial Permitted Assets, one of the railcars leased to Lessee under the Lease.

"Lease" means the Master Lease and Security Agreement dated as of the date hereof between the Lessor and the Lessee.

"Lease Balance" means (a) with respect to each Leased Asset, as of any date of determination, the sum of all Fundings for such Leased Asset made or deemed made under the Lease on or before such date, less the sum of (i) the aggregate amount of all Principal Component payments then having been paid by the Lessee with respect thereto on or before such date and (ii) all proceeds of any Casualty or Condemnation affecting any Item of Equipment included in such Leased Asset and all other amounts which in each case have been applied to reduce the Lease Balance for such Leased Asset pursuant to the Lease, and (b) with respect to each Item of Equipment, the pro rata portion of the amount in clause (a) allocated to such Item of Equipment.

"Lease Supplement" means, with respect to each Leased Asset, a lease supplement substantially in the form of Exhibit No. 3 to the Lease duly completed as to such Leased Asset.

"Lease Term" means, with respect to each Leased Asset, the period commencing on the Acquisition Date for such Leased Asset and ending on the Expiration Date for such Leased Asset.

"Leased Asset" means any Equipment acquired by the Lessor pursuant to the Lease.

"Lender" shall have the meaning given such term in the Program Support Documents.

"Lessee" means Entergy Arkansas, Inc., an Arkansas corporation, as lessee under the Lease.

"Lessee's Consent" means the Lessee's Consent dated as of the date hereof among the Lessee and the Lessor.

"Lessor" means General Electric Capital Corporation, for Itself and as Agent for Certain Participants, as lessor under the Lease.

"Lessor Lien" means any Lien, true lease or sublease or disposition of title arising as a result of (a) any claim against the Lessor not resulting from the transactions contemplated by the Operative Documents, (b) any act or omission of the Lessor which is not required by the Operative Documents or is in violation of any of the terms of the Operative Documents, (c) any claim against the Lessor with respect to Taxes or Transaction Expenses against which Lessee is not required to indemnify Lessor pursuant to the Lease, or (d) any claim against the Lessor arising out of any transfer by the Lessor of all or any portion of its interest in any Leased Asset or the Operative Documents other than the transfer of title to or possession of any Leased Asset by the Lessor pursuant to and in accordance with the Operative Documents or pursuant to the exercise of the remedies set forth in the Operative Documents.

"Letter of Credit" shall have the meaning given such term in Section 30.2(k)(1).

"LIBOR" shall have the meaning given such term in Annex D to the Lease Supplement.

"Lien" means any mortgage, deed of trust, pledge, security interest, encumbrance, lien, easement, servitude or charge of any kind, including any irrevocable license, conditional sale or other title retention agreement, any lease in the nature thereof, or any other right of or arrangement with any creditor to have its claim satisfied out of any specified property or asset with the proceeds therefrom prior to the satisfaction of the claims of the general creditors of the owner thereof, whether or not filed or recorded, or any federal, state or local lien imposed pursuant to any Environmental Law.

"Marketing Period" means, with respect to any Leased Asset, if the Lessee has given notice of its exercise of the Remarketing Option for such Leased Asset, the period commencing on the date six (6) months prior to the Expiration Date for such Leased Asset and ending on such Expiration Date.

"Material Adverse Change" means a material adverse change in (i) the financial condition of the Lessee and its Subsidiaries, taken as a whole, or (ii) the ability of the Lessee to pay or perform its obligations under the Operative Documents.

"Maximum Lawful Rate" shall have the meaning given such term in Section 28.1(c) of the Lease.

"Memorandum of Lease" means the Memorandum of Lease dated as of the date hereof between the Lessor and the Lessee relating to the Lease, which Memorandum of Lease shall be in form suitable for recordation with the Surface Transportation Board in accordance with 49 CFR 11301 and 49 CFR 1177.

"Moody's" shall mean Moody's Investors Service or any successor in interest that is a nationally recognized rating agency.

"Multiemployer Plan" shall have the meaning assigned to the term "multiemployer plan" in Section 3 (37) of ERISA.

"Non-CP Drawn Rate" shall have the meaning given such term in Annex D to the Lease Supplement.

"OLV" means the orderly liquidation value of the Equipment determined pursuant to an Appraisal performed by an appraiser engaged by Lessor and selected by Lessee from a list of three (3) appraisers provided to Lessee by Lessor.

"Operative Documents" means the following:

- (a) the Lease;
- (b) the Lessee's Consent;
- (c) each Lease Supplement;
- (d) the Memorandum of Lease; and
- (e) each Funding Request.

"Optional Alteration" is defined in Section 13.1.

"Overdue Rate" means the lesser of the Default Rate or the Maximum Lawful Rate.

"Payment Date" means each Scheduled Payment Date and each Additional Payment Date.

"Payment Period" shall have the meaning given such term in Annex D to the Lease Supplement.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor entity) established under ERISA.

"Permitted Assets" means the Initial Permitted Assets and any other assets approved by the Lessor and each Affected Party.

"Permitted Contest" is defined in Section 15.1(a) of the Lease.

"Permitted Lien" shall mean (i) the rights of Lessor and Lessee as provided in the Lease, (ii) Lessor Liens, (iii) Liens for taxes either not yet due or being diligently contested in good faith by appropriate proceedings and so long as adequate reserves are maintained with respect to such Liens and available to Lessee for the payment of such taxes and only so long as neither such proceedings nor such Liens involve any material danger of the sale, forfeiture, loss or loss of use of the Leased Assets or any part thereof, or any interest of Lessor or any other Affected Party therein or any risk of criminal liability of Lessor or any other Affected Party and Lessee has given Lessor prior written notice of Lessee's intent to contest any such taxes, (iv) inchoate materialmen's, mechanics', carriers', workmen's, repairmen's, or other like inchoate Liens arising in the ordinary course of Lessee's business for sums either not delinquent and only so long as neither such proceedings nor any such Liens involve any material danger of the sale, forfeiture, loss or loss of use of the Leased Assets, or any part thereof, or any interest of Lessor and each other Affected Party therein or any material risk of material civil liability and further provided that adequate reserves are maintained with respect to such Liens and provided that Lessee has given Lessor written notice thereof, (v) the rights of others under agreements or arrangements to the extent expressly permitted under any Operative Document and the Program Support Documents.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, governmental authority, limited liability company or any other entity.

"Plan" shall mean (a) with respect to Lessee, any plan described in Section 4021(a) of ERISA and not excluded pursuant to Section 4021(b) thereof, under which Lessee or any ERISA Affiliate of Lessee has any liability, and (b) with respect to any other person, any employee benefit plan or other plan established or maintained by such person for the benefit of such person's employees and to which Title IV of ERISA applies.

"Preferred Stock" means, with respect to any Person, any capital stock of such Person ranking prior, as to dividends and distributions upon liquidation, dissolution or winding up of such Person, to the common stock (or its equivalent) of such Person.

"Premium Amount" means, with respect to any Leased Asset on any date, an amount equal to (i) two percent (2%) of the Lease Balance for such Leased Asset, if such date occurs on or after the fifth anniversary of the date of the Lease and prior to the sixth anniversary of the date of the Lease, or (ii) one percent (1%) of the Lease Balance for such Leased Asset, if such date occurs on or after the sixth anniversary of the Lease and prior to the seventh anniversary of the Lease.

"Principal Component" shall have the meaning given such term in Annex D to the Lease Supplement.

"Proceeds" means, with respect to any Leased Asset, (i) all amounts paid in connection with any sale of such Leased Asset pursuant to the Remarketing Option under Article XXII of the Lease, less (ii) all costs and expenses of the Lessor and each Affected Party in effecting such sale, less (iii) all sales or transfer taxes, sales commissions and other direct costs and expenses of sale.

"Program Support Documents" means any agreement pursuant to which an interest in any rights hereunder is assigned to a CP Conduit, together with any agreement entered into by any Program Support Provider providing for the issuance of one or more letters of credit for the account of a CP Conduit, the issuance of one or more surety bonds for which a CP Conduit is obligated to reimburse the applicable Program Support Provider for any drawing thereunder, the sale by a CP Conduit to any Program Support Provider of any financial or other asset (or portions thereof or participations or other interests therein) and/or the making of loans and/or other extensions of credit to a CP Conduit in connection with a CP

Conduit's Commercial Paper program, together with any letter of credit, surety bond or other instrument issued thereunder.

"Program Support Provider" shall mean any Person now or hereafter extending credit or having a commitment to extend credit to or for the account of, or to make purchases from, a CP Conduit or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with a CP Conduit's Commercial Paper program, as well as any Person now or hereafter acting as agent for a CP Conduit or for any of the foregoing Persons.

"Purchase Notice" is defined in Section 20.1.

"Purchase Option" is defined in Section 20.1.

"Purchase Option Price" is defined in Section 20.1.

"Qualified Public Offering" shall mean any bona fide, firm commitment, underwritten offering to the public by Lessee of its Capital Stock pursuant to an effective registration statement under the Securities Act of 1933, as then in effect, or any comparable statement under any similar Federal statute then in force.

"Regulatory Change" means any change or the taking effect of any change after the date hereof in any Federal, state or foreign law or regulation (including Regulation D of the Federal Reserve Board) or the adoption or making after such date of any interpretation, directive or request under any Federal, state or foreign law or regulation (whether or not having the force of law) by any Governmental Authority charged with the interpretation or administration thereof that, in each case, is applicable to any Affected Party.

"Related Costs" means any Additional Costs, Breakage Costs or other indemnities or reasonable costs required to be paid to any Affected Party in connection with or as a result of the relevant action under this Agreement.

"Related Documents" means the Operative Documents and the Program Support Documents.

"Release" means any release, pumping, pouring, emptying, injecting, escaping, leaching, dumping, seepage, spill, leak, flow, discharge, disposal or emission of a Hazardous Substance.

"Remarketing Option" is defined in Section 22.1.

"Renewal Option" is defined in Section 21.1.

"Renewal Term" is defined in Section 21.1.

"Rent" means, collectively, the Base Rent and the Supplemental Rent, in each case payable under the Lease.

"Rent Payment Date" shall have the meaning given such term in Annex D to the Lease Supplement.

"Rent Payment Period" shall have the meaning given such term in Annex D to the Lease Supplement.

"Replacement Letter of Credit" shall have the meaning given such term in Section 30.2(k)(4).

"Reportable Event" has the meaning set forth in Title IV of ERISA.

"Requesting Party" is defined in Section 25.1.

"Required Alteration" is defined in Section 13.1.

"Required Amount" shall mean an amount calculated by multiplying (a) the sum of the Lease Balance of the Leased Assets, plus any accrued and unpaid amounts due under the Lease, as of the Rent Payment Date immediately preceding the Trigger Event, by (b) the relevant factor in the table below, corresponding to Lessee's Combined Rating in the table below:

<u>Lessee's Combined Rating</u>	<u>Factor</u>
BB+	1.03
BB	1.28
BB-	1.68

"Requirements of Law" means all Federal, state, county, municipal and other governmental statutes, laws (including Environmental Laws), rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting any Leased Asset or the demolition, construction, operation, use or alteration thereof, whether now or hereafter enacted and in force, including any that require repairs, modifications or alterations in or to such Leased Asset or in any way limit the use and enjoyment thereof (including all building, zoning and fire codes and the Americans with Disabilities Act of 1990, 42 U.S.C. § 1201 et seq. and any other similar Federal, state or local laws or ordinances and the regulations promulgated thereunder), and all permits, certificates of occupancy, licenses, authorizations and regulations relating thereto.

"Responsible Employee" means, with respect to any Person, the Chairman, the President, any Vice President, the Controller or the Treasurer of such Person who in the normal performance of such Person's operational responsibility would have knowledge of such matter and the requirements with respect thereto.

"S&P" shall mean Standard & Poor's, a division of McGraw-Hill Companies, or any successor in interest that is a nationally recognized rating agency.

"SEC" means the Securities and Exchange Commission or any successor agency or regulatory authority.

"Significant Casualty" means (a) a Casualty that results in an insurance settlement with respect to any Item of Equipment on the basis of a total loss or constructive total loss, or (b) a Casualty that in the reasonable judgment of the Lessor either (i) renders any Item of Equipment permanently unsuitable for use as an asset of the type contemplated by the Lease, or (ii) is such that repair of such Item of Equipment to substantially its condition as existed immediately prior to such Casualty would be impracticable or impossible to effect on or before the Expiration Date for such Item of Equipment.

"Solvent" means, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or in a transaction, and is not about to engage in business or in a transaction, for which such Person's property would constitute unreasonably small capital.

"Subsidiary" means, with respect to any corporation (the "parent"), a corporation or partnership of which the parent, at the time in respect of which such term is used, owns directly, or controls with power

to vote, indirectly through one or more Subsidiaries, shares of greater than fifty percent (50%) of its voting capital stock.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Base Rent) which Lessee assumes or agrees to pay to Lessor or any other Person under the Lease or under any of the other Operative Documents.

"Taxes" means all U.S. federal, state, local or foreign taxes, levies, fees, imposts, duties, charges, assessments or withholdings of any nature whatsoever including, without limitation, (i) real and personal property taxes, including personal property taxes on any property covered by the Lease that is classified by Governmental Authorities as personal property, and real estate or ad valorem taxes in the nature of property taxes; (ii) sales taxes, use taxes and other similar taxes (including rent taxes and intangibles taxes); (iii) any excise taxes; (iv) real estate transfer taxes, conveyance taxes, mortgage taxes, intangible taxes, stamp taxes and documentary recording taxes and fees; (v) taxes that are or are in the nature of franchise, income, value added, gross receipts, privilege and doing business taxes, license and registration fees; and (vi) assessments on any Leased Asset, including all assessments for public improvements or benefits, whether or not such improvements are commenced or completed prior to the Expiration Date for such Leased Asset, and in each case all interest, additions to tax and penalties thereon.

"35 Act" means the Public Utility Holding Company Act of 1935.

"Total Commitment" means \$80,000,000.00.

"Total Equity" means, with respect to any Person, the total amount of common stockholders' equity, determined in accordance with GAAP.

"Total Liabilities" means, with respect to any Person, the total liabilities of such Person which, in accordance with GAAP, would be included on the liability side of a balance sheet, excluding preferred stock.

"Transaction Expenses" means all costs and expenses incurred in connection with the preparation, execution and delivery of the Operative Documents and the transactions contemplated by the Operative Documents including:

(a) the reasonable fees, out-of-pocket expenses and disbursements of counsel for each of the Lessor, each other Affected Party and the Lessee (and, in the case of the Lessee, the reasonable fees, out-of-pocket expenses and disbursements of independent public accountants) in negotiating the terms of the Operative Documents and the other transaction documents, preparing for the closing under, and rendering opinions in connection with, such transactions and in rendering other services customary for counsel representing parties to transactions of the types involved in the transactions contemplated by the Operative Documents;

(b) the reasonable fees, out-of-pocket expenses and disbursements of counsel for the Lessor and each other Affected Party in connection with (1) any amendment, supplement, waiver or consent with respect to any Operative Documents requested or approved by Lessee; and (2) any enforcement of any rights or remedies against the Lessee in respect of the Operative Documents;

(c) any other reasonable fees (including arrangement fees allocated to the Leased Assets), out-of-pocket expenses, disbursements or costs of the Lessor and each other Affected Party payable to any such party pursuant to any of the Operative Documents;

(d) any Taxes and fees incurred in recording, registering or filing any Operative Document or any other transaction document, any deed, declaration, mortgage, security agreement, notice or financing statement with any public office, registry or governmental agency in connection with the transactions contemplated by the Operative Documents; and

(e) any expenses relating to an Appraisal.

"Trigger Event" shall have the meaning given such term in Section 30.2(k)(1).

"Uniform Commercial Code" and "UCC" mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

"Voting Power" shall mean, with respect to Voting Stock, the ability to exercise the voting rights of such Voting Stock either by direct ownership or control of such Voting Stock or through the granting of proxy rights by any owner of such Voting Stock.

"Voting Stock" shall mean (a) securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions) or (b) in the case of a limited liability company or partnership, membership or partnership units or interests of such entity, the holders of which are ordinarily, in the absence of contingencies, entitled to manage, or appoint the manager (or Persons performing similar functions) of, such entity.